

**CALENDAR YEARS 2008 & 2009**

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

**STATE OF ILLINOIS**

**Rod R. Blagojevich  
Governor**

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Chairman**

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Executive Director**

**Illinois Housing Development Authority**

**CY's 2008-2009  
LOW INCOME HOUSING TAX CREDIT**

## Foreward

This Qualified Allocation Plan (“QAP”) is the result of an extensive public dialogue between the Illinois Housing Development Authority (the “Authority”), for- and non-profit affordable housing developers, consultants, tax credit syndication firms, affordable housing advocates, and a host of other professionals involved in the affordable housing industry.

The 2008 & 2009 QAP incorporates the statewide affordable housing policy, which calls for an annual comprehensive housing plan that includes the development or rehabilitation of a range of permanent housing for the following underserved populations:

- Families earning below 50% of area median income, with particular emphasis on families earning below 30% of area median income,
- Low-income seniors,
- Low-income persons with any form of disability, including but not limited to physical disability, developmental disability, mental illness, co-occurring mental illness and substance abuse disorder, or HIV/AIDS,
- Homeless persons and persons determined to be at risk of homelessness, and
- Low and moderate-income persons unable to afford housing near work.

In addition, the Authority includes low-income persons residing in existing affordable housing in danger of being lost as affordable housing stock as a priority population. The Authority will strive to serve these priority populations to the greatest extent possible.

The Authority's CY's 2008 & 2009 Qualified Allocation Plan ("QAP") and Information Packet are an integral part of the CY 2008 & 2009 Tax Credit Application ("Application"). These documents explain the Authority's application and review process (including the scoring system and market and underwriting requirements), reservation and allocation of credits, and compliance monitoring. Please carefully read the QAP and Information Packet prior to submitting your Application to the Authority.

\*NOTE: Check the IHDA website for the most updated version of the Common Application. Applications must be complete upon submission. Substantial changes or additions to applications will not be accepted after 5:00 p.m. CST on the Application deadline date. Administrative errors may be corrected within seven (7) business days.

IHDA reserves the right to make supplemental changes to the CY 2008 & 2009 QAP, subject to public notice requirements.

Attendance at Authority-sponsored application workshops is strongly encouraged. Workshop information may be found at [www.ihda.org](http://www.ihda.org).

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FOR THE STATE OF ILLINOIS  
(Subject to the Governor's Approval)  
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Supplements:

These documents are available on IHDA website ([www.ihda.org](http://www.ihda.org)) and will be included in the QAP Application Packet

- 1 Maximum Income, Monthly Rent and Maximum HOME Rent Limits, Nonmetropolitan Income limits (The Housing and Economic Recovery Act of 2008 provides that income limits for projects in Rural areas that receive their Tax Credits from an Allocation of Authority Housing Credit Ceiling (but not for projects that get Tax Credits by virtue of tax-exempt financing) shall be measured by reference to the greater of area median gross income or national nonmetropolitan median income. Once the national nonmetropolitan income figures are determined for various household sizes, they will be published in a revised Supplement #1.)
- 2 Referral and Support Plan Template and Supportive Housing Population Set-Aside Supportive Housing Plan Template
- 3 Metropolitan and Non-Metropolitan Community Listing
- 4 Affordable Housing Planning and Appeal Act Community Listing
- 5 Green Housing Initiative Program Guidelines & Checklist

6 Capital Expenditure Analysis for IHDA Projects

7 Systems & Conditions Table

\* See page 12 for details on which format applies to a given Project.

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## **I. DEFINITIONS**

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

- a. "Allocation" shall mean the award of Tax Credits to a Project pursuant to Section 42. An Allocation may be made pursuant to (i) a Carryover Allocation Letter for a Project not yet placed in service or (ii) the issuance of IRS Form(s) 8609 for a Project that is placed in service in the year of the Allocation and which did not previously receive a Carryover Allocation with respect to such Tax Credits.
- b. "Allocation Plan" shall mean the Authority's Low Income Housing Tax Credit Qualified Allocation Plan.
- c. "Applicant" shall mean the Owner or the individual or entity submitting an Application on behalf of an Owner.
- d. "Application" shall mean an application in the form prescribed by the Authority for Tax Credits for a Project submitted to the Authority by an Owner, including required supporting documentation.
- e. "Application Period" shall mean the time during which the Authority will accept and review Applications for Tax Credits.
- f. "Architect of Record" shall mean the State of Illinois licensed professional who produces the designs, drawings, specifications and construction administration.
- g. "Assisted Living" shall mean Projects enriched with services for the frail elderly and licensed under the Illinois Assisted Living Act, other than those approved under the Illinois Department of Public Aid Supportive Living Program.
- h. "Authority" shall mean the Illinois Housing Development Authority.
- i. "Authority Housing Credit Ceiling" shall mean that portion of the State Housing Credit Ceiling available for Allocation by the Authority.
- j. "Board" shall mean the Members of the Authority.

- k. "Carryover Allocation" shall mean the Allocation for a Project which is not expected to be placed in service in the year of the Allocation, made pursuant to the provisions of Section 42(h)(1)(E) of the Code.
- l. "Carryover Allocation Letter" shall mean the document from the Authority to an Owner making a Carryover Allocation for that Owner's Project and placing appropriate conditions thereon.
- m. "Cash Flow Note" shall mean debt for which repayment will be made only after all operating costs of a Project, including all debt service payments, have been paid.
- n. "Code" shall mean the Internal Revenue Code of 1986 and the regulations, notices, revenue rulings and other official pronouncements promulgated under it, all as they may be amended from time to time.
- o. "Compliance Period" shall mean the period, as defined in Section 42(i)(1) of the Code, during which a Project must comply with the occupancy restrictions (both income and rent) of Section 42.
- p. "Consolidated Plan" shall mean a plan required by HUD and established by the State or a local government setting forth housing goals for the State or the local community, as applicable, and a plan for realizing such goals.
- q. "Credit Period" shall mean with respect to any building in a Project, the period of ten taxable years beginning with the taxable year in which such building is placed in service or (at the election of the Owner) the following taxable year.
- r. "Determination Letter" shall mean the letter from the Authority to an Owner evidencing a determination by the Authority that a Project being financed with the proceeds of tax-exempt bonds satisfies the requirements for the Allocation Section 42(m)(1)D and the Allocation Plan.
- s. "Elderly Housing" shall mean housing (i) intended for, and solely occupied by, persons 62 years of age or older; or (ii) intended and operated for occupancy by at least one person 55 years of age or older per unit, and at least 80% of units within the housing facility are so

occupied, when such housing also provides “Elderly Services,” as defined herein; or (iii) provided for under any State or Federal program that HUD has determined is specifically designed and operated to assist elderly persons (as defined in the State or Federal program).

- t. “Elderly Services” shall mean two or more of the following: social and recreational programs, continuing education, information and counseling, recreation, homemaker, outside maintenance and referral services, an accessible physical environment, emergency and preventive health care programs, congregate dining facilities, transportation to facilitate access to social services and facilities available to them.
- u. “Eligible Employer” shall mean a third-party employer providing permanent jobs.
- v. "Extended Use Agreement" shall mean an agreement between the Authority and the Owner, binding upon the Owner and all successors to the Owner, requiring that the Project comply with the requirements of Section 42, the Allocation Plan, the Application and the Authority.
- w. "Extended Use Period" shall mean the period during which a Project must comply with the occupancy restrictions (both income and rent) of Section 42, given an Owner's election or indication on the Application, as set forth in the Extended Use Agreement and as defined in and subject to the requirements, terms and conditions set forth in Section 42(h)(6)(D).
- x. “Extremely Low Income” shall mean a household income that falls between 15% and 30% of the median income for the area in which a Project is located.
- y. “Green Dev. Components” shall mean all green building features identified in the Green Housing Initiative Checklist attached to this QAP as Supplemental Document 5.
- z. "HUD" shall mean the United States Department of Housing and Urban Development.
- aa. "Increase" shall mean an increase in the amount of a Reservation or Carryover Allocation for a Project.



- ab. "IRS" shall mean the Internal Revenue Service.
- ac. "Large Public Housing Authority" shall mean a public housing authority with 1,500 or more units in its public housing inventory, excluding vouchers and certificates administered under the Housing Choice Voucher rental assistance program.
- ad. "Lead Referral Agency" shall mean 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 Property Management. A Lead Referral Agency coordinates with a household's original referral source to 1) assist the applicant(s) during the application process, including requesting and negotiating reasonable accommodations, if necessary, and 2) make supportive services available to the applicant(s) and/or act as referral agent for other community services needed.
- ae. "Low Income" shall mean a household income that is less than or equal to 60% of the median income for the area in which a Project is located.
- af. "Low Income Tenant" shall mean a tenant having a household income meeting the definition of Low Income.
- ag. "Material Participation" shall mean "material participation" as defined in the regulations promulgated under the Internal Revenue Code, codified at 26 CFR § 1.469-5T.
- ah. "Metropolitan Communities" shall mean communities within the Chicago Metropolitan Area which includes the counties of Cook, Lake, DuPage, Will, and McHenry counties and any city outside these counties with a population as per the 2000 U.S. Decennial Census greater than 50,000.
- ai. "Multifamily" shall mean a building with 5 or more units.
- aj. "Nonprofit Applicant" shall mean an Owner of a Nonprofit Project.

- ak. “Non-Metropolitan Communities” shall mean communities that do not meet the definition of Metropolitan Communities.
- al. "Nonprofit Project" shall mean a Project in which a qualified nonprofit organization, as defined in Section 42, which is not affiliated with or controlled by a for-profit organization, has an ownership interest in the Project either directly or through a wholly-owned subsidiary, and has as one of its exempt purposes the fostering of low income housing within the meaning of Section 42(h)(5)(C); such qualified nonprofit organization shall have a Material Participation in the development and operation of the Project throughout the Project's Compliance Period.
- am. "Owner" shall mean the duly formed, validly existing entity that (i) has submitted an Application, (ii) is identified on such Application, and (iii) has applied to receive or has received an Allocation for a Project. The Owner of a Project may be changed from time to time provided that proper notice is given to the Authority and the Authority grants its prior consent for such a change of ownership. The Authority's consent does not imply that any such change is without consequence under Section 42. The Owner is solely responsible for satisfying itself as to the consequences of such a change of ownership under Section 42.
- an. “Physical Needs Assessment” shall mean an itemized assessment of the rehabilitation to be performed on an existing building, in the format included as **Attachment 4**, made by an architect or engineer approved by the Authority.
- ao. "Project" shall mean an existing or proposed qualified low income housing project, as defined in Section 42, that satisfies, or will satisfy, all of the requirements of the Allocation Plan and the Authority.
- ap. “Project-based Assistance” shall mean federal assistance for a Project, including existing and to-be-converted project-based Housing Choice Vouchers, project-based rental assistance

provided by the HUD, including McKinney Act programs, Medicaid payments received by a Supportive Living Facility approved by the Illinois Department of Public Aid, assistance received from HUD via an Annual Contributions Contract, USDA Rural Development rental assistance and other unit/project based Rental Assistance.

- aq. "Related Party" shall mean (i) a general partner, or a managing member of a general partner, of a limited partnership that is an Owner, or (ii) a managing member of a limited liability company that is an Owner, or (iii) a principal owner or officer of a corporation that is an Owner or the general partner of an Owner, or (iv) an individual or an entity of any nature whatsoever that controls, or is created and controlled by, or under common control with, an Owner or a general partner, managing member, or other principal of the Owner. A limited partner of an Owner is not, solely because it is a limited partner, a Related Party. A member of a limited liability company Owner that is not a managing member is not, solely because it is a member, a Related Party.
- ar. "Reservation" shall mean a reservation or a forward reservation of Tax Credits for a Project, as evidenced by a Reservation Letter.
- as. "Reservation Letter" shall mean the letter from the Authority to an Owner conditionally binding the Authority to make an Allocation in a specific amount for that Owner's Project and placing appropriate conditions thereon.
- at. "Rural" shall have the same definition as Section 520 of the Housing Act of 1949, as set forth in Attachment 7 to this QAP.
- au. "Scattered Site" shall mean non-contiguous sites included within the same Project.
- av. "Section 42" shall mean Section 42 of the Code and the regulations and revenue rulings promulgated under it, all as they may be amended from time to time.
- aw. "Single Family" shall refer to a building with one (1) to four (4) units.
- ax. "Site Control" shall mean (i) a fee simple interest in, or a long term lease of, the real estate on which a Project is to be

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

- ay. "State" shall mean the State of Illinois.
- az. "State Housing Credit Ceiling" shall mean the amount of Tax Credits available for Allocation in the State for any given calendar year, as provided in Section 42(h)(3).
- ba. "Supportive Housing" shall mean housing that helps people live stable, successful lives through a combination of affordable, permanent housing and supportive services, appropriate to the needs and preferences of residents, either onsite or closely integrated with the housing. Supportive housing serves individuals and families who are homeless, at risk of homelessness, and/or have disabilities, and who require access to supportive services in order to maintain housing.
- bb. "Supportive Housing Populations" shall refer to individuals and families who are homeless, at risk of homelessness, and/or have disabilities, and who require access to supportive services in order to maintain housing.
- bc. "Supportive Living Facilities" Shall mean proposals under the Supportive Living Program for the frail elderly, administered by the Illinois Department of Healthcare and Family Services.

bd. "Tax Credits" shall mean federal low income housing tax credits, as authorized by Section 42.

be. "Very Low Income" shall mean a household income that falls between 30% and 50% of the median income for the area in which a Project is located.

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## II. APPLICATION PROCESS

### A. MANDATORY SITE AND MARKET STUDY

An Applicant must submit with its Application: two original copies of a site and market study conducted by an independent, third party market evaluation professional, chosen from a list of Authority-approved firms contained in the Application packet and available on the Authority's web site at [www.ihda.org](http://www.ihda.org). The site and market study must have been completed within six months prior to the submission of an Application. The scope of the site and market study must include, at a minimum, the criteria set forth in **Attachment 1, 2, or 3**. For further clarification of which format to utilize, see the following table.

The Authority will take the results of the site and market study into consideration in determining whether a Project will be approved or denied. In addition, the Authority will evaluate the strength of the market for a Project during the competitive review process as described in Section II.C.2.d.1. The Authority reserves the right to require additional information and/or an Authority-commissioned site and market study, which shall be done at the Owner's expense.

The following format for site and market studies will be required by project type:

<u>Project Type*</u>	<u>Site &amp; Market Format</u>
Rehab projects with significant (80% or more) low income occupancy at the time of application.	<b>Attachment 1</b>
Supportive Housing Set-Aside Projects	<b>Attachment 1</b>
Projects of 12 units or less.	<b>Attachment 1</b>
Supportive Living Facilities (regardless of size).	<b>Attachment 2</b>
All other Projects	<b>Attachment 3</b>

\* NOTE: Projects financed with the proceeds of tax-exempt bonds, but without any financing from the Authority, may utilize a marketing agent (and physical needs assessment provider, if applicable) and format of their choosing, but the study submitted must, at a minimum, include the information required in **Attachment 1**. Projects financed

with the proceeds of tax-exempt bonds that will also receive Authority financing must use an agent(s) from the Authority's approved list(s).

## **B. RECEIPT OF APPLICATION**

1. Application Period. There will be at least two Application Periods per calendar year 2008 & 2009, during which the Authority will accept and review Applications. For a Project to be eligible for review for a Reservation in an Application Period, the Authority **must** receive a complete Application, executed by the Applicant, including the site and market study (as described in Section II.A.) for the proposed Project and all required supporting information, by the deadline for that Application Period. Applicants must submit the Application on original Authority forms or photocopies of such forms, and may not submit them by facsimile without the prior written consent of the Authority. For the convenience of Applicants, the Application is available for downloading from the Authority's web site at [www.ihda.org](http://www.ihda.org). The Application and mandatory Tax Credit Checklist will also be made available by email to Kimberly Assarian at [kassaria@ihda.org](mailto:kassaria@ihda.org). Applicants must submit the Application (including legal description) in both hard copy and electronic formats at the time of application.

Application Period	Application Deadline (no later than 5:00 p.m. CST)	Approximate % of Tax Credits to be Allocated
1 <sup>st</sup> Period	December 3, 2007	50%
2 <sup>nd</sup> Period	April 7, 2008	50%
1 <sup>st</sup> Period	December 8, 2008	50%
2 <sup>nd</sup> Period	April 6, 2009	50%

The Authority may adjust this schedule and reserves the right to hold a third Application Period. Please contact the Authority for information about this Application Period.

Applications that are not approved in the first Application Period may be carried over for consideration in the second Application Period, provided that (i) the Application meets the criteria of the Allocation Plan, the Owner pays the required Application fee for second round submission (see **Attachment 5**), and (ii) the Applicant notifies the Authority in writing that it desires such continued

consideration and that no condition, terms, numbers on the Application have changed. The Authority will not carry over Applications from one Application Period to the next unless these conditions have been met. The Authority reserves the right to consider authorizing Reservations for Allocations to Applicants from recent Application Periods from (i) the Authority Housing Credit Ceiling received from the national pool of unused Tax Credit allocation authority, (ii) Tax Credits returned or forfeited to the Authority, and (iii) Tax Credits made available pursuant to the increase in Authority Housing Credit Ceiling provided by the Housing and Economic Recovery Act of 2008.

2. Projects Located in Certain Home Rule Municipalities. The Authority may accept Applications during the first two Application Periods for Projects located in a home rule municipality that administers its own Tax Credit program, i.e., the City of Chicago, if (i) the Applicant provides evidence in its Application that it has applied directly to the City of Chicago's Department of Housing for housing assistance for the Project and such application has been approved, is currently under consideration, or has been denied and (ii) the Application conforms to the requirements of this Allocation Plan.
3. Sharing of Information with IRS and Other Governmental Entities. Owners and Related Parties are advised that the Authority and the IRS and/or other appropriate governmental entities may exchange information submitted by Owners and Related Parties to the Authority the IRS and/or other governmental entities, or generated by the Authority and/or the IRS and/or other governmental entities, in connection with their Projects. In order to facilitate the sharing of information between the Authority and the IRS, the Owners and Related Parties may be required to execute IRS Form 8821 upon the Authority's request at any time beginning with the Application Period and extending through the Compliance Period for the Project.
4. Rural Housing Service Projects. Owners and Related Parties are advised that the Authority and the Rural Housing Service, an agency of the United States Department of Agriculture ("RHS") (formerly, Farmers Home Administration



("FmHA")), may exchange information submitted by the Owners and Related Parties of the Owners to the Authority and/or RHS, or generated by the Authority and/or RHS, in connection with their Projects.

5. Disclosure of Information Pursuant to FOIA. The Application and all of the supporting documentation submitted with the Application is subject to the Illinois Freedom of Information Act (5 ILCS 140) ("FOIA") and all or part of such submission may be open to public inspection. Any claim that the information submitted is exempt from disclosure must (i) be made as part of the submission, (ii) identify each paragraph or document containing the information alleged to be exempt, (iii) reference the specific statutory basis for the claimed exemption (see Section 7 of FOIA) and (iv) provide an explanation as to why the information meets the requirements for the exemption. IHDA will determine whether such exemption does apply.
  
6. Conditions of Owner's Ineligibility. An Owner is ineligible to apply for or receive a Reservation, Determination Letter, Allocation or an Increase if it or a Related Party (i) is out of compliance with Section 42 in connection with any Project located within or outside the State, or (ii) has a record of unsatisfactory prior performance in any Authority-sponsored program, including the negative results of any physical inspection performed by the Authority on previously approved Projects, as determined by the Authority, or (iii) has a record of significant financial delinquencies or defaults on Authority-financed loans, or (iv) has material instances of non-compliance with the requirements of Authority regulatory agreements or loan documents, or (v) has failed to pay any fee or expense due to the Authority in connection with any Authority-sponsored program, or (vi) has materially misrepresented facts on any application to participate in an Authority-sponsored program, or (vii) fails to pay a third party professional whose market or physical needs assessment study was submitted with the Application in a timely manner. Determinations of eligibility will be based on the Owner's previous history of participation in Authority-sponsored programs, as well as, any Project operating under Section 42, both individually or through Related Parties, including,

but not limited to, general or limited partnerships, joint ventures, limited liability corporations, or other ownership entities. The Authority will review the entire development team in connection with the Development Team Record scoring category.

7. Acquisition Tax Credits. An Applicant that is applying for acquisition Tax Credits must submit to the Authority, prior to Board consideration, a written attorney's opinion that the Project qualifies for acquisition Tax Credits.
8. Application Fee. Each Applicant must submit a non-refundable Application fee with its Application, as described in **Attachment 5**. The Applicant must send the Application fee to the Authority's lockbox (see **Attachment 5** for the address), and include a copy of the check with the Application.
9. Notification to Elected Official. The Authority will send a notification letter of its receipt of an Application, along with copies of the relevant sections of the Application and a copy of this Allocation Plan, to the chief elected executive official (or an equivalent official) of the local jurisdiction in which the Project is to be located. That official will have thirty (30) days from the date of notification to submit written comments on the Project. A copy of this notification letter will be sent to the Owner and will serve as the Authority's confirmation of receipt of the Owner's Application.
10. Increase Requests. For Increase requests, the Applicant must submit (i) an updated Application, (ii) narrative detailing the reasons for the request and identifying the additional cost items specifically, (iii) a letter from an independent, third-party certified public accountant stating that he/she has reviewed the revised Project budget, giving the amounts of the revised total eligible basis and total Project cost, (iv) the initial and most recent owner's and general contractor's sworn statements, or other comparable statements, satisfactory to the Authority, (v) copies of all certificates of occupancy that have been issued as of the date of the Increase request, and (vi) the appropriate application fee, as described in **Attachment 5**.

The Authority will review Increase requests on a case-by-case basis. The Authority will grant an Increase only when such Increase is necessary to make a Project economically feasible and then only in extenuating circumstances, which must be documented to the satisfaction of the Authority. Generally, the Authority will provide an Increase only for **unforeseeable** increases in 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, the Authority will closely examine the revised Project budget to ensure that additional Tax Credits are not used to cover increases in the developer's fee. A developer must defer a substantial portion of its developer's fee prior to requesting an Increase. Except for unusual circumstances, the portion of the developer's 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. Any funded increase of IHDA's subsidy resources that are granted on a previous application within 24 months of a current application submission may result in point reduction for "Scoring Category" of Development Team Record. This reduction will be based on IHDA's review of the cause for the funded increase. **The Authority will approve only one Increase per Project.**

The Authority will accept a request for an Increase at any time after it has issued a Reservation Letter for the Project, but no later than the end of the calendar year during which the Project is or will be placed in service. Tax Credits cannot be allocated to any building in a Project that has been placed in service during a calendar year preceding the year in which the Increase request is made. The Owner must provide the Authority with copies of all certificates of occupancy for a Project that have been issued as of the date of the Increase request. Because the Authority expects to reserve all remaining Tax Credits during the second (2<sup>nd</sup>)

Application Period, it is advisable that Owners submit Increase requests by the second (2<sup>nd</sup>) Application Period deadline date.

NOTE:

Increase requests due to the Housing and Economic Recovery Act of 2008 or at IHDA's request will not result in the reduction of points for Scoring Category of Developer Team Record.

11. Applications for Projects Financed Primarily with Tax-Exempt Bonds. 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 Housing Credit Ceiling. The Authority will accept Applications 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 the calendar years 2008 & 2009. Owners requesting a Determination Letter from the Authority must submit to the Authority a completed Application with appropriate documentation and application fee, as set forth in **Attachment 5**. A copy of the check must be included with the Application. In addition, such Applications must include a site and market study and physical needs assessment, if applicable, as described in Section II.A. Such requests must be in compliance with Section 42 and all sections of this Allocation Plan except for the requirements of Section II.C.2, Competitive Review, and Section IV.1, Carryover Allocations.

In addition, the Authority will take into consideration the results of the site and market study (required for all proposals) and the Physical Needs Assessment (required for all Projects involving rehabilitation) in determining whether to approve or deny an Allocation for a Project to be financed with the proceeds of tax-exempt bonds. The Authority will also take into consideration the results of the site and market study and PNA in determining whether to offer IHDA credit enhancement requested for Authority bond issuance.

Projects seeking bond financing or issuance from the Authority should contact the Authority in advance regarding the availability of bond cap for the Project. All

other Projects financed with tax-exempt bonds must submit evidence of the availability of bond volume cap, including letter(s) from an authorized signatory of the Project's proposed bond issuer. A copy of the appropriate local government entity(ies) binding resolution(s) committing or ceding the bonds may also be requested.

Applicants for Tax Credits under Section 42(m)(1)(D) ("4% Credits") that do not use Authority financing may utilize a firm of their choosing for such studies, so long as the format for the study(ies) complies with the requirements of this Allocation Plan, as set forth in **Attachments 1, 2, 3 and 4**. Applicants for 4% Credits utilizing Authority financing (Risk Sharing Program, and HOME Investment Partnerships Program, or Illinois Affordable Housing Trust Fund) must submit studies conducted by companies on the Authority-approved lists. The lists are posted to [www.ihda.org](http://www.ihda.org) and are part of the Tax Credit Information Packet.

If the Project conforms with the applicable sections of the Allocation Plan, the Authority will issue a Determination Letter setting forth the estimated annual Tax Credit amount and the amount of the determination fee (**see Attachment 5**) due to the Authority (see Section III.12.) within 30 days of submission of a complete Application, including appropriate supporting documentation.

12. Authority's Determination of Awards Final. By submission of its Application, the Applicant and the Owner agree to abide by the Authority's determination to award or deny Tax Credits for the proposed Project, including the Authority's exercise of discretion in scoring Applications. The Applicant and the Owner understand and agree that by submitting an Application, they waive any and all rights, claims or actions against the Authority that they may have or otherwise be entitled to in connection with its Application and the Authority's subsequent approval or denial of that Application. Specifically, the Applicant and the Owner agree to refrain from initiating any legal action that seeks to reverse the Authority's decision

related to the Application and/or seeks expenses, costs or damages related to that decision.

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C. **REVIEW OF THE APPLICATION**

1. **MANDATORY APPLICATION REQUIREMENTS**

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

- a. **Documentation.** All required documentation, such as site control, evidence of financing, public housing waiting list preference, certificate of consistency, letters of support and other such documentation should be no older than 6 months. (For Applicants resubmitting for the second round in a given year, the initial round one documentation submission is acceptable.)
- b. **Ownership Documentation.** Documentation of Limited Partnership (LP) or Limited Liability Company (LLC) (“Owner”) as duly formed, validly existing entity must be submitted with application
- c. **Site Control.** The Owner must have current Site Control for the Project that extends six months from the application deadline. The Site Control document(s) must be in the name of the Owner, generally a limited partnership or a limited liability company. The Site Control document(s) must be executed by both the buyer and seller, where applicable, and must contain a legal description for the property. The seller identified in the document submitted to meet this Site Control requirement must hold title to the Project site. See the Section I, Definitions, for additional guidance on what constitutes Site Control. Applicants must submit copies of the legal description in hard copy and electronic format, compatible with Word with their Applications.
- d. **Evidence of Application for Financing.** The Applicant must provide with the Application evidence of application(s), in the form of an executed acknowledgment letter(s) from the lender(s) and/or grantor(s), for all proposed financing, including any assumptions of debt and grants for the Project, and

evidence of the proposed net cents raise rate evidenced by an acknowledgement letter from the proposed syndicator. Each acknowledgment letter must contain evidence that, as of the Application deadline date, the application to the proposed syndicator is either still under consideration or has been approved. Applications for IHDA financing must be evidenced on the application form, but no written acknowledgement will be required. The written acknowledgement must contain the following terms: (i) the amount of the loan, (ii) the length of the term, which must be at least 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 15 years), (iii) the amortization period of the loan, and (iv) a fixed interest rate (which may be adjusted under specified terms and conditions). Financing fees may not exceed 200 basis points, plus the customary costs associated with Federal Housing Administration (FHA) financing, if applicable.

If financing is to be obtained through a mortgage broker or banker, the 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 Applicant must submit an acknowledgment letter from HUD, in addition to the letter from the lender setting forth the terms of the proposed financing.

If, during the Authority's review of the Application, the Applicant is notified that financing 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 may be **denied as financially infeasible**.

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



For Projects intended for eventual tenant ownership consideration is contingent on Applicants providing the Authority with a feasible Tenant Homeownership Plan that meets requirements set out in Attachment 10 to the QAP. In addition, for Projects to be financed with the proceeds of tax-exempt bonds issued by the Authority, Applicants must provide the Authority with the required documentation and application fee as set forth on page 19 under “II. Applications for Projects Financed Primarily with Tax Exempt Bonds” in this QAP.

- e. Public Housing Waiting List Preference. All Projects must give preferential treatment to Low Income Tenants whose names are on an appropriate public housing or Housing Choice Voucher (formerly known as Section 8) waiting list(s) maintained by the public housing authority ("PHA") in the area in which the Project is located. The Application must include a written statement providing that the Owner will give preferential treatment to persons on the PHA waiting list(s) and will make on-going efforts to request that the PHA make referrals to the Project, or place the relevant Project information on any listing the PHA makes available to persons on its waiting list(s).
  
- f. Certification of Consistency. The Project must address local housing needs and priorities, as documented in the State Consolidated Plan or a local Consolidated Plan. If the Project is located in an area covered by a local Consolidated Plan, the Applicant must submit a current certification of consistency from the appropriate local governmental entity with the Application. If that local governmental entity withholds a certification of consistency, an Owner may request in writing that the Authority consider a waiver of this requirement, including a statement of the reasons for the waiver. In such a case, the Authority will contact the local governmental entity to discuss the circumstances surrounding the withholding of the certification and, after such discussions, may grant such waiver requests. A list of jurisdictions with a local Consolidated Plan is available on the Authority’s website at [www.ihda.org](http://www.ihda.org).

The Authority will review Applications for Projects in areas not covered by a local Consolidated Plan for consistency with the State Consolidated Plan.

- g. Minimize Displacement. For all rehabilitation Projects, the Owner must minimize involuntary displacement of Low Income Tenants currently living in the building(s) in the Project, taking into consideration the safety of such tenants given the scope and nature of the proposed rehabilitation. If a building to be rehabilitated is wholly or partially occupied as of the date the Application is submitted, the Application must include a relocation plan and also if any project applying for, or in receipt of, federal funds must submit a relocation plan in compliance with the Uniform Relocation Act. The Authority reserves the right to require modifications to any such plan to ensure that displacement is held to a minimum level.
  
- h. Projects Involving Rehabilitation. Owners of an occupied rehabilitation Project, regardless of the level of occupancy or the size of such Project, must submit with the Application (i) the current tenant income profile of the Project, (ii) the current rent schedule for the Project, (iii) a written explanation in any cases where the Project's proposed rents identified on the Application exceed the current rent levels, and (iv) information regarding any waiting lists maintained for the Project.

In addition, for every Project involving rehabilitation, the Application must contain two copies of a Physical Needs Assessment. This Physical Needs Assessment must be performed by an architect or engineer approved by the Authority, and must be in the format prescribed in **Attachment 4**. All items identified as "Critical" or "Immediate" in the Physical Needs Assessment must be completed as part of the rehabilitation. The Owner may either perform other items identified in the Physical Needs Assessment as needing to be addressed within the reserve period as part of the rehabilitation, or provide adequate reserves to ensure that these items can be completed as they become necessary.

Owners of rehabilitation Projects must also submit with the Application a cost certification made by the general contractor or an architect, of the rehabilitation work to be performed. This scope of work will be compared to the Physical Needs Assessment to ensure that all necessary items are being addressed. If the scope of work is insufficient, the Application may be denied.

NOTE: The architect that prepares the Physical Needs Assessment cannot be the Architect of Record.

- i. Zoning. The Application must contain evidence that the Project's site is currently zoned for its proposed use. Such evidence may be in the form of a building permit or a zoning map with letter of certification from the local zoning administrator or chief elected official, if the locality has no zoning administrator. A certification from an attorney that zoning is appropriate for the intended use will also be sufficient evidence of zoning under this category. The certification submitted, whether from a local zoning administrator or attorney, must include (i) the location of the proposed site (e.g., address or street crossings), (ii) the current zoning type (i.e., multifamily residential), and (iii) a statement that the current zoning is appropriate for the proposed Project and no zoning variation requests are pending that would alter this zoning. The Authority will consider exceptions to the third requirement in instances where a Planned Unit Development (PUD) permit is required. In such cases, the Owner must provide a written explanation of the PUD approval process, including evidence satisfactory to the Authority that the Project PUD approval will be reviewed in a timely manner. The Owner must provide evidence of which stages in the PUD approval process the Project has reached, and the PUD must have been approved before the Authority will submit the Project to the Board for approval. Sufficient evidence of progress for PUD approval may include, but is not limited to, the local planning body's recommendation of approval to the entity with authority to finally approve the PUD, such as the town council or board of trustees. Determinations under this exception will be decided on a case-by-base basis.

- j. Plans and Drawings. The Application must include ALL of the following: (i) an exterior architectural drawing (elevation) of the Project (for existing developments, after rehabilitation), (ii) a schematic floor plan of the Project that shows the unit configuration and floor plan of the units, (iii) a site plan that shows the general layout of the site, and (iv) photographs of the site. The plans must show that the Project will fully comply with fair housing requirements, as set forth in the Fair Housing Act, 42 U.S.C. 3601 et seq. (the "Fair Housing Act"), and Section 504 of the Rehabilitation Act of 1973, if applicable. (This category applies to Applications for both new construction and rehabilitation.) For any questions regarding this mandatory requirement please contact Dick Hastings at rhasting@ihda.org.
- k. Minimum Energy Efficiency Standards. For new construction Projects, the Application must include a certification from the Architect of Record, indicating that the Project will comply with Authority's energy efficiency standards.

## 2. COMPETITIVE REVIEW

*NOTE: Applications will first be considered in the Set-Aside(s) marked on the Application. If an Application is not successful in the Set-Asides, it will be considered in the general pool.*

Applicants may apply for Set-Asides for which they are eligible based on definitions provides herein. The Authority will consider Projects requesting consideration in more than one Set-Aside in the following order: Public Housing Authority Set-Aside, Independent Elderly & Supportive Living Facilities Set-Aside, Nonprofit Set-Aside, Small Project Set-Aside, Preservation Set-Aside, and Supportive Housing Set-Aside. During the second (2<sup>nd</sup>) Application Period, the Authority reserves the right to redistribute unused Tax Credit amounts within the general pool or any one or more of the Set-Asides to another Set-Aside, even though such redistribution results in exceeding the individual Set-Aside limits set forth in this Allocation Plan. Furthermore, if there are unused credits remaining

within the Smaller Public Housing Authority Set-Aside, after the second application period, they will be redistributed to the Preservation Set-Aside. The Authority will establish the minimum point threshold at which Projects will be approved for a Reservation under each Set-Aside and the general pool for each competitive round of competition.

If Applications received under any Set-Aside, do not in the Authority's determination, (i) evidence sufficient readiness to proceed, or (ii) capacity to complete the Project, or (iii) fail to meet requirements under the Mandatory Requirements or Mandatory Project Standards sections, the Authority may deny the Application. In the second round of competition, if there are an insufficient number of Projects having an Owner in which the nonprofit organization holds a 100% Controlling Interest (as defined below), the Authority may elect to consider Applications from Owners in which the nonprofit organization holds lower percentage Controlling Interest in the general partner or limited liability company but in no event less than a 51% Controlling Interest.

- a. Public Housing Authority Set-Aside. The Authority will set aside \$3,000,000 for Large Public Housing Authorities (1,500 or more units in its public housing inventory), and \$2,000,000 for other public housing authorities, to be used for the redevelopment of public housing projects in need of rehabilitation or replacement. In order to qualify under this Set-Aside, the Applicant must demonstrate that the proposed Project is likely to be eliminated from the affordable housing stock of the State if not rehabilitated or replaced in a timely manner. A Project that has already been demolished as part of an overall plan for the Project's redevelopment is eligible under this Set-Aside. The Application must contain a certification from the executive director of the public housing authority of the Project that the Project is eligible for this set-aside.

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

reserved, all remaining eligible Public Housing Authority Projects will compete with all other Projects.

- b. Independent Elderly & Supportive Living Facilities Set-Aside. The Authority will set aside \$3,500,000 for Projects in which 100% of the units are reserved for “Elderly Housing”, meaning housing that is (i) intended for, and solely occupied by, persons 62 years of age or older; or (ii) intended and operated for occupancy by at least one person 55 years of age or older per unit, and at least 80% of the units within the housing facility are so occupied, when such housing also provides “Elderly Services,” as defined herein; or (iii) provided for under any State or Federal program that HUD has determined is specifically designed and operated to assist elderly persons (as defined in the State or Federal Program). The application must state the age of the intended residents.
- c. Nonprofit Set-Aside. The Authority will set aside at least fifteen percent (15%) of Authority Housing Credit Ceiling for Nonprofit Projects (the "Nonprofit Set-Aside") as required by Section 42. Nonprofit Projects will compete against one another for Reservations until the Nonprofit Set-Aside has been fully reserved for qualified Nonprofit Projects. After the Nonprofit Set-Aside has been fully reserved, Nonprofit Projects will compete with all other Projects for Reservations. Any Project that applies pursuant to and qualifies for the Nonprofit Set-Aside and for which a Reservation is made will be counted toward the Section 42 10% set-aside requirement for nonprofits, regardless of which set-aside the Project is approved under for scoring purposes. Reservation Letters for all Projects that qualify for the Nonprofit Set-Aside will state that the Project has been approved as a Nonprofit Project and the Owners will be required to meet the nonprofit requirements of Section 42, even if such Projects are approved under another set-aside.

To qualify as a Nonprofit Project, the general partner(s) of an Owner with a 100% interest in the general partnership or the managing member of an Owner with a 100% managing membership interest in a limited liability company (either, a

“100% Controlling Interest”) must (i) be a qualified nonprofit organization (as defined in Section 42(h)(5)(C)), (ii) have an ownership interest in the Project either directly or through a wholly-owned subsidiary, (iii) not be affiliated with or controlled by a for-profit organization, (iv) have as one of its exempt purposes the fostering of low income housing, (v) disclose any proposed guarantor(s) of project completion and/or compliance, and (vi) have a Material Participation in the development and operation of the Project throughout the Compliance Period. Documentation of the applicable entity's nonprofit status and written narrative providing a plan detailing Material Participation throughout the Extended Use Period must be submitted with the Application. An acceptable plan for Material Participation will include the number of hours and corresponding activities the nonprofit Applicant will undertake on a quarterly basis. **Nonprofit Applicants must meet the requirements of this Section as of the Application deadline**, and must maintain such status throughout the Compliance Period. Nonprofit Projects that do not meet all such requirements, as determined by the Authority, will not be considered under the Nonprofit Set-Aside and will compete with all other Projects.

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

NOTE: The Non-Profit Sponsor will be required to submit IRS form 990 for each of the previous three calendar years with their application /or equivalent documentation to provide financial, previous experience, and participant or organizational qualifications.

- d. Small Project Set-Aside. The Authority will set aside \$1,500,000 of the Authority Housing Credit Ceiling targeted for Projects containing no more than 50 units (the

"Small Project Set-Aside"). A Project that includes sites within more than one market area, generally in separate localities, may exceed 50 units overall and still be eligible for consideration under this category, so long as each site does not exceed 50 units. A Project which is a phase of a larger Project does not qualify for consideration under this Set-Aside unless the total number of units in all phases of the larger Project is less than or equal to 50. **Whether a Project is considered a phase of a larger Project will be determined by the Authority, but generally applies to Projects being considered within a given calendar year.** Projects competing under the Small Project Set-Aside will be scored in the same manner as other Projects, but will compete against each other until funds in the Small Project Set-Aside are fully reserved. Once the Tax Credits in the Small Project Set-Aside are fully reserved, all remaining small Projects will compete with all other Projects. If the funds in the Small Project Set-Aside are not fully reserved during the second (2<sup>nd</sup>) Application Period, the unreserved amount will be available for Reservations for other Projects.

- e. Preservation Set-Aside. The Authority will set aside \$2,000,000 of the Authority Housing Credit Ceiling for Projects that involve the rehabilitation of currently occupied low income housing developments whose conversion to market rate housing is likely to occur within two to three years, or Projects that are otherwise in danger of being lost as affordable housing due to the need for substantial rehabilitation (the "Preservation Set-Aside"), as determined by the Authority. In determining whether a proposed Project qualifies for the Preservation Set-Aside, the Authority will take into consideration the following types of information: the source and terms of existing financing for the Project, the extent to which the rent levels will remain affordable, the appropriateness of the level of rehabilitation proposed given the Project's current condition, and any other information, such as current audited financial statements for the Project, that the Authority may require. Such Projects shall include, but not be limited to, the following:
- (1) New construction, substantial rehabilitation, moderate rehabilitation, property disposition and loan management set-aside programs, or any other



program providing project-based rental assistance, under Section 8 of the United States Housing Act of 1937, as amended;

- (2) The Below-Market-Interest-Rate Program under Section 221(d) of the National Housing Act;
- (3) Section 236 of the National Housing Act;
- (4) Section 202 of the National Housing Act;
- (5) Programs for rent supplement assistance under Section 101 of the Housing and Urban Development Act of 1965, as amended;
- (6) Programs under Section 514 or 515 of the Housing Act of 1949; and
- (7) Section 42 of the Internal Revenue Code.

NOTE: Public housing redevelopment projects that do not provide for a 1:1 replacement of public housing-eligible units will not be considered under this set-aside.

Such Preservation Projects will be scored in the same manner as other Projects, but will compete against each other until funds in the Preservation Set-Aside are fully reserved. Once the funds in the Preservation Set-Aside are fully reserved, all remaining preservation Projects will compete with all other Projects. If the funds in the Preservation Set-Aside are not fully reserved during the second Application Period, the unreserved amount will be available for Reservations for other Projects. **Notwithstanding anything to the contrary in this Preservation Set-Aside section, the Authority may limit the number of Projects or amount of Tax Credits awarded to Projects qualifying under this Preservation Set-Aside, regardless of the Project's score and how its score relates to all other Projects. The Authority will determine whether a Project qualifies for this Preservation Set-Aside.**

As set forth in Section II.C.1.f, the Applicant must submit a Physical Needs Assessment with the Application. This Physical Needs Assessment must be performed by an architect or engineer approved by the Authority, in the format prescribed in **Attachment 4**.

- f. Supportive Housing Set-Aside. The Authority will reserve up to \$2,000,000 for Projects serving Supportive Housing Populations. The Project must reserve at least 50% of the total units affordable to and occupied by Supportive Housing Populations. The percentage must be stated in the Application. The Project must also comply with applicable federal and state law, including but not limited to the federal Fair Housing Act and the Illinois Environmental Barriers Act (410 ILCS 25/1 et seq.). Projects funded under the Supportive Housing Set-Aside must submit a Supportive Housing Plan with the application, which shall include provision by a local human services agency of at least one (1) on-site support coordinator (hours should be proportional to number of Supportive Housing units in the Project) to assist residents in the application process, in implementing the tenants' plan for success in permanent housing, and in continuing linkage to supportive services as needed. **Further requirements of Projects receiving funds under the Supportive Housing Set-Aside, including components of the Supportive Housing Plan, are found in Attachment 11.** Applicants are encouraged to contact Tara Peele at [tpeele@ihda.org](mailto:tpeele@ihda.org) prior to the development of the required Supportive Housing Plan.

Note: Supportive Living Facilities will not be considered in this set-aside but may apply in other set-asides if otherwise eligible.

- g. Scoring Categories. The Authority will evaluate Applications on the basis of materials submitted as of the applicable Application deadline date unless otherwise provided within a scoring category. If the Authority discovers a correctable administrative error in an Application, the Owner will be notified of such an error and will have seven (7) business days from the date of such notice to provide the Authority with a written correction. Any modifications to the original Application that result in changes to the criteria on which selection decisions were made, or that would impede the Project's ability to proceed, may result in a rejection of the Application. Applicants must notify the Authority in writing of any changes in their Application or the Project that occur during the review process prior to

consideration by the Authority's Loan Committee. If the Authority becomes aware of any changes to a Project during the review process, the Authority may adjust the Project's score to reflect any changes in the scoring categories. As noted, special set-asides and relevant scoring items will be incorporated into the Extended Use Agreement. The Authority will exempt from the scoring process (i) a Project that has received a partial or full Reservation in the previous year, (ii) those Projects requesting an Increase, (iii) Projects financed with the proceeds of tax-exempt bonds, and (iv) Projects that could not meet the placed-in-service requirement due to circumstances beyond the Owner's control. The Authority may grant Increases prior to Reservations for other Projects.

If two Projects have the same number of points and only one Project will be awarded a Reservation, the Authority will use the following criteria, in the order noted, to break ties: (1) the Authority will select the Project that will serve tenants with the lower maximum income regardless of the size of the Project; (2) the Authority will select the Project with the higher percentage of Low Income units at the lowest income level; (3) the Authority will select the Project that is located in a municipality, or in the case of an unincorporated area, the township that has received the fewest allocations during the past three years; (4) the Authority will select the Project that is located within a qualified census tract (see **Attachment 6**) and contributes to a concerted community revitalization plan; and if a tie still results, (5) the Authority will select the one that is, in the Authority's judgment, the one more ready to proceed in a timely manner.

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

- (v) the affordability and appropriateness of the proposed rents; and
- (vi) the frequency of Allocations in the past three calendar years.

The Authority may deny an Application irrespective of its point ranking if it determines that the proposed Project would have a severely adverse impact in the community in which the Project is to be located, **or** affordable housing projects and other projects in the Project's market area. In making determinations under this section, the Authority may take into account awards of Tax Credits to other Projects during the current and any prior year.

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

Alternatively, one (1) points will be awarded for Projects intended for eventual tenant ownership. Consideration is contingent on applicants providing the Authority with a feasible Tenant Homeownership Plan that meets requirements set out in Attachment 10 to the QAP. This attachment will set out minimum requirements for such plan.

3. Lowest Income Tenants/Lowest Rents (Maximum 7 points) If the Project will serve tenants with maximum household incomes lower than Low Income and will limit rents of units for such tenants to a level not to exceed 30% of the maximum income selected, points will be awarded as follows:

10% or more of the Units Occupied by Households With Incomes at or Below*:	<u>Points **</u>
50%	3
40%	4
30%	5

Projects that receive five points (5pts) for income/rent targeting under this scoring category will receive an additional 2 points if the project also receives 2 or more points in the Financial Leveraging category.

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

\*\* Points are not cumulative

See **Supplemental Document 1** for the maximum rent levels. The Application must set forth the rent levels (base rents plus tenant-paid utility costs), which must be equal to or less than the maximum rent associated with the appropriate percentage of median income for the area in which the Project is located. The low-income tenant election (separate from the minimum set-aside election) must be specified in the Application and will be incorporated in the Extended Use Agreement.

4. Mixed Populations (Maximum 4 points) This category will provide points to support both mixed income and mixed need projects. Up to four (4) points will be awarded for mixed income projects containing market rate units, as set forth below. Market rate units are those rental units that are part of the Project but that will not be reserved for Low Income Tenants: units for which Tax Credits will not be claimed. The rents for market rate units **must exceed** the highest Tax Credit rent for comparably sized units in the Project by at least 5%. The Application must state the number of market rate units.

Financing provided through: the Federal Home Loan Bank's Affordable Housing Program; loan guarantee programs; and other bond or commercial debt financing programs will be considered private debt for the purposes of this calculation.

Percentage of Market Rate Units	Points	Additional Requirements
20	4	<u>Private Debt / Total Project Cost &gt;% Market Rate</u>
15	3	<u>Private Debt / Total Project Cost &gt;% Market Rate</u>
10	2	<u>Private Debt/ Total Project Cost &gt;% Market Rate</u>
5	1	<u>Private Debt / Total Project Cost &gt;% Market Rate</u>

Projects in rural areas, as defined in **Attachment 7**, will receive two (2) points under this category regardless of the number of market rate units included in the Project.

*NOTE:* The Authority requires Owners to disperse all Low Income units evenly among the buildings in a mixed income, multi-building Project, and to disperse these units within each building in a manner acceptable to the Authority. Under Section 42, the low-income percentage (applicable fraction) must be established building by building no later than the date such buildings are placed in service and thereafter may not be changed.

5. Targeting Supportive Housing Populations (Maximum 3 points) The housing and services needs of persons with disabilities and homeless/at-risk households are diverse, and the Authority supports the creation of a range of housing options with supports available, whether on-site or community-based. Points for Targeting Supportive Housing Populations are available in **one of the following two categories:**

I. Targeting a Minimum of 10% of Units to Supportive Housing Populations (3 points)

To further the creation of community-based housing, Projects that target a **minimum of 10%** of the units for Extremely Low Income (30% or below AMI) Supportive Housing Populations, excluding Supportive Living Facilities, will receive **3** points under this category. With Application, the owner must demonstrate a partnership with a Lead Referral Agency and submit a **Referral and Support Plan** (using template provided) for review by the Authority. Applicants

are encouraged to contact Tara Peele at [tpeele@ihda.org](mailto:tpeele@ihda.org) prior to the development of the required **Referral and Support Plan** for assistance in identifying a Lead Referral Agency. For further details please refer to Attachment 12, Referral and Support Plan for Mixed Population Properties.

## II. Targeting 50% or More Units to Supportive Housing Populations (1 point)

Projects that target **50% or more** of the units for Supportive Housing Populations, including Supportive Living Facilities, will receive **1** point under this category. Elderly and SLF projects seeking points under this category must adhere to requirements described under the Elderly Set-Aside. All other Projects seeking points under this category must adhere to requirements described under the Supportive Housing Set-Aside, including submission of a **Supportive Housing Plan** with Application. Further requirements of the Supportive Housing Plan, are found in Attachment 11.

6. Enhanced Accessibility for Persons with Mobility Impairments (Maximum 2 points) Two (2) points will be awarded to Projects that exceed minimum accessibility requirements of federal Section 504 (Section 504 of the Rehabilitation Act of 1973 as amended) as follows:
  - (i) Projects subject to federal Section 504 accessibility standards will receive two (2) points if at least 10% of the total units in the project are designed for persons with mobility disabilities and 2% of dwelling units (at a minimum, not less than one unit) are accessible to individuals with sensory impairments (i.e., hearing or visual impairments) as defined in the Section 504 regulations.
  - (ii) Projects NOT subject to federal Section 504 accessibility standards will receive two (2) points if at least 5% of the total units in the project are designed for persons with mobility disabilities, and an additional 2% of dwelling units (at a minimum, not less than one unit) are accessible to individuals with sensory impairments (i.e., hearing or visual impairments) as defined in the Section 504 regulations.

(iii) Rehabilitation Projects subject to the accessibility standards of 24 CFR 8.22 will receive two (2) points if at least 10% of the total units in the project are designed for persons with mobility disabilities and 2% of dwelling units (at a minimum, not less than one unit) are accessible to individuals with sensory impairments (i.e., hearing or visual impairments) as defined in the Section 504 regulations.

Projects receiving points under this category must notify the appropriate statewide accessibility group at the time of application that accessible housing is being proposed and document efforts to market availability of accessible units through communication with one or more of the following:

- their Lead Referral Agency (if they are partnering to target units to Supportive Housing Populations),
- their local Center for Independent Living ([www.incil.org/locations.asp](http://www.incil.org/locations.asp)) and/or
- other local agencies with services targeted to persons with mobility impairments.

7. Economic Efficiencies (Maximum 9 points) The Authority will award points for the following types of financial assistance. A maximum of nine (9) points is available under this category.

a. Project-based Assistance (Maximum 5 points) Points will be awarded according to the following types of assistance if an applicant submits a firm, written commitment for such Project-based assistance with application.

<b>Program</b>	<b>% of Total Units Assisted</b>	<b>Other Requirements</b>	<b>Points</b>
Existing Project-based Section 8 or comparable program	80	Submission of existing, valid rental assistance or renewal contract with a minimum of 10 years remaining on the term.	5
Sec. 202 & 811	80	Letter of Commitment from HUD.	5
USDA Rural Development Rental Assistance or comparable program	50	Letter of Commitment from USDA Rural Housing Director indicating the number of units and length of assistance.	5
HUD McKinney Act Programs	50	Letter of Commitment from HUD.	4



or comparable program			
Medicaid Payments for Supportive Living Facilities or comparable program	50	Letter of Commitment from Illinois Department of Healthcare and Family Services indicating the number of units.	4
Project-based Housing Choice Voucher Conversion Program Participants or comparable program	20	Commitment letter from the Executive Director of the relevant public housing authority including (1) commitment to provide project-based assistance, (2) number of units to receive assistance, (3) length of time assistance will be provided, and (4) when the assistance will be made available.	4
Existing Project-based Section 8 or comparable program	80	Submission of existing, valid rental assistance or renewal contract with less than 10 years remaining on the term.	3
Annual Contributions Contract to Public Housing Authority or other unit/project based Rental Assistance	5 to 25	Letter of Commitment from Public Housing Authority Executive Director indicating the number of units and length of assistance.	1

NOTE: Project underwriting will take the length of assistance into consideration when determining financial feasibility. The Applicant may be asked to include reserves sufficient to operate the Project through the Extended Use Period if the project-based assistance is removed, or provide a plan to attract tenants who are able to pay 100% of the rent.

- b. Financial Leveraging. (Maximum 4 points) The Authority will award up to four points for financial assistance or contribution of assets of other value from local governmental entities for Projects located within the area served by such local governmental entities. A letter of commitment for funds and/or other assets of value from the local governmental entity, including a local public housing authority, will be sufficient for consideration of points under this category. The letter must identify the Project and include the amount of assistance, term, amortization period, and rate, if applicable. If the assistance is in the form of an asset, the applicant must submit an objective valuation of the asset, acceptable to the Authority.

For each Application Period, Applicants will be awarded up to four points for commitment of financial assistance under the following programs, or other quantified financial assistance, as determined by the Authority:

1. Home Investment Partnerships Program (local participating jurisdictions)
2. Community Development Block Grant
3. HOPE VI
4. Public Housing Capital Contribution
5. Land Donation
6. Cash Donation
7. Infrastructure Donation
8. Enterprise Community
9. Empowerment Zone
10. Capitalized TIF funding or other stream of revenue that increases borrowing capacity, such as through Section 236 or other tax abatement
11. Other Documented Tax Increment Financing (TIF) benefit
12. Historic Tax Credits with Preliminary Approval
13. Other Assistance as documented in the Application and approved by the Authority

The Authority will award points under this category according to the amount of quantified financial assistance provided (see chart below.). Projects in Non-Metropolitan Areas, will be ranked together, apart from all other applicants, as the IHDA recognizes the general difficulty these smaller communities have in locating and providing supplemental resources for affordable housing development. Acceptable quantification may be found in the commitment letter for the financing, or a letter from the provider that indicates the amount and form of assistance to be provided. Only assistance that is shown to impact the development budget will be considered for points under this category.

### Non-Metropolitan

10% leverage and over	4 points
5% - 9.99%	3 points
< 4.99%	2 points

### Metropolitan

20% leveraged and over	4 points
15% - 19.99%	3 points
10% - 14.99%	2 points
< 9.99%	1 points

Please refer to Supplemental Document 3 for definition of Non-Metropolitan and Metropolitan Areas.

8. Project Location (Maximum 11 points)
- a. Rural Areas: (5 points) Small Projects located in rural areas (defined as those NOT specifically identified in **Attachment 7**) will be awarded five points. A Project that includes sites within more than one market area, generally in separate localities, may exceed 50 units overall and still be eligible for consideration under this category, so long as each site does not exceed 50 units.
  - b. Live Near Work Initiatives: (Maximum 2 points) Projects that have employers located within the defined radius, which is five miles for non-rural projects, and 10 miles for rural projects, as outlined in **Attachment 7**, and who have difficulty attracting a quality workforce due to the lack of affordable housing within that radius, will be awarded two (2) points. The jobs, for which the employer is having difficulty attracting workers, must be appropriate to the tenant population served by the project. Documentation of the lack of available affordable housing and the appropriate distance as referenced above, must be included in the market study submitted with the application or points will not be awarded.

The difficulty attracting a quality workforce must be documented in the Application by a certification from the Eligible Employer(s) stating (i) the number of employees earning incomes at the income level(s) proposed for the project, which must equal or exceed the number of low income units proposed, (ii) that the employer has difficulty attracting a quality workforce due to the lack of affordable housing within a five (ten for rural areas) mile radius of the work site, and (iii) the employer supports construction of the Project.

NOTE: Rehabilitation of existing units will be considered for points in this category only if at least 50% of the units are unoccupied at the time of application. More than one employer may be identified, so long as the aggregate number of positions equals or exceeds the number of low-income units identified in the Application. Supportive Living Facilities are not eligible for points under this category. Up to two (2) points may be awarded under this category to Projects that are eligible under another subcategory under Project Location, as a maximum of eleven (11) points is available under this category.

- c. Employer Direct Assistance: (Maximum 1 point) One (1) point will be awarded for proposals under this category that also include direct assistance to be provided by the employer to employees who are tenants in the proposed Project. This assistance must be (1) monetary, for a minimum of \$50 per month, or in-kind donations (2) committed for a minimum of two years, and (3) evidenced by a binding agreement between the employer and Owner of the proposed Project.
  
- d. Illinois Targeted Program and Areas: (Maximum 3 points)
  - a) Municipalities currently covered (“non-exempt”) by the State’s Affordable Housing Planning and Appeal Act (AHPAA). A municipality which is classified by IHDA as non-exempt under the AHPAA, i.e., has less than 10% of its housing stock deemed as affordable, shall receive **3 points** in this category to encourage affordable housing

development in its jurisdiction. Furthermore, to encourage affordable housing development in localities potentially impacted by this law in the future, a municipality with more than 10% but less than 20% of its housing stock deemed as affordable shall be awarded **1 points** in this category for the same purpose. All determinations shall be based on the 2000 decennial Census and on the report compiled in 2003 for IHDA by the University of Illinois at Urbana-Champaign, the latter also available on IHDA's website. A listing of those eligible localities is included as **Supplemental Document 4**. Please note that no counties or unincorporated areas are included in this expanded definition of Project Location. **Additionally, per the specifications of the AHPAA, communities with a population of less than 1,000 are automatically considered exempt from the provisions of the act and therefore are not included in this expanded definition of Project Location.**

- b) Areas targeted by the Governor's Team Illinois program; and
- c) Other targeted programs.

9. Development Team Record. (Maximum 10 points) IHDA will award points for the development record of the Project team, including the principal(s) of the general partner(s), managing member(s), general contractor, equity syndicator/investor, consultant(s), property manager, fee developer, and guarantor, where applicable. Points will be based on the information provided on the previous participation forms, which must be completed for all team members attached to the Common Application, along with supporting documentation, and as determined by the Authority, as follows:

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Team Member(s) with Satisfactory Previous Experience					Maximum Points
Any General Partner or Member	Guarantor and/or Fee Developer*	Property Manager	General Contractor	Equity Syndicator/Investor	10
Majority General Partner or Managing Member	Guarantor and/or Fee Developer*	Property Manager		Equity Syndicator/Investor	8
Majority General Partner or Managing Member	Guarantor and/or Fee Developer*		General Contractor	Equity Syndicator/Investor	8
Minority General Partner or Member	Guarantor and/or Fee Developer*	Property Manager		Equity Syndicator/Investor	6
Minority General Partner or Member	Guarantor and/or Fee Developer*		General Contractor	Equity Syndicator/Investor	6
Any General Partner or Member		Property Manager		Equity Syndicator/Investor	4
Any General Partner or Member			General Contractor	Equity Syndicator/Investor	4
Any General Partner or Member	Guarantor and/or Fee Developer*			Equity Syndicator/Investor	2
Any General Partner or Member	Guarantor and/or Fee Developer*				2
No team member with experience					0
*Consultant can be considered in evaluating the developer experience.					

All team members must be disclosed on the Application. Full points will not be awarded if any development team member, specifically the Owner, any General Partner of a Limited Partnership or Member of a Limited Liability Company, General Contractor, Property Manager, Equity Syndicator/Investor, Fee Developer, or Guarantor, has previous unsatisfactory experience under any Authority program within 36 months of Application, or has received an Increase to a previous allocation within 24 months of Application submission. Unsatisfactory experience is defined to include any project with which the General Partner or Member holds an ownership interest, may include, but not limited to the following: (i.) Failure to correct 8823 form; (ii.) delinquent IHDA loan payments; (iii.) poor occupancy and management due to extensive deferred maintenance or other factors; (iv.)

unsatisfactory compliance reporting; (v.) failure to provide a previous experience form for each team member; (vi.) returned and/or used tax credits within 24 months; (vii.) any tax credit increase request within the 24 months prior to application.

Satisfactory previous experience shall mean that the entity or individual has completed and placed in service, or can be shown to have been involved in, at least one housing project of similar or greater size. Social service agencies that have been in existence for longer than five years, acting as general partner or managing member, in a housing development, will not receive a point reduction for lack of previous experience with like-sized housing development, so long as the balance of their development team has that experience.

The Applicant is responsible for making the determination as to the satisfactory performance of the Applicant's team. Information regarding the prior performance record for any team member with previous IHDA experience may be provided upon request to the IHDA.

In addition, no developer team will be awarded points under this category if any Project team member has uncorrected Form 8823's in any state.

NOTE:

Increase requests due to the Housing and Economic Recovery Act of 2008 or at IHDA's request, will not result in the reduction in points for this Scoring Category.

10. Families with Children. (Maximum 5 points) Up to five points will be awarded if the Project contains units with three or more bedrooms for Low Income families with children, including single individuals with children, as follows:

<u>Percentage of Total Units with 3 or More Bedrooms for Low Income Families with Children</u>	<u>Points</u>
31% to 50%*	3
20% to 30%	5
10% to 19%	3

\*Single Family Projects may exceed the 50% limit of units with three or more bedrooms and still receive the maximum number of points. Existing projects in which more than 30% of the units contain three-bedrooms may qualify for the full 5 points if the site and market study confirms the need for this type of unit. New construction Multifamily Projects with more than 50% of the units with three or more bedrooms will receive no points under this category.

The Application must identify the number of three or more bedroom units for Low Income families with children. Please note that the percentage of such units is applied to the total number of units in the Project. However, all of the units counted toward the minimum percentage must be for Low Income families with children; in a mixed income project, market rate three or more bedroom units shall not count toward the minimum percentages set forth above. The Project's Extended Use Agreement will include this provision as an additional use restriction.

11. Community Support (Maximum 3 points) Up to three points will be awarded if the Owner submits a letter of support with its Application. The points awarded will be tiered as follows: three (3) points for a letter from the mayor or chief elected official of the municipality in which the Project is to be located; two (2) points for Alderman, Trustee, or similarly local elected official; or one (1) point for any unaffiliated letter of community support.

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

Note: Points are not cumulative in this category.

12. Community Impact (Maximum 2 points) Two points will be awarded to Projects whose Application demonstrates that the Project is part of a larger revitalization or redevelopment plan. The evidence of such a plan must include all of the following:



- (1) a copy of the Project area’s formal revitalization plan and a binding resolution, currently effective, adopted by the community’s local government within 5 years of the Application deadline;
- (2) the plan includes residential as well as commercial space;
- (3) a currently effective, binding resolution evidencing formal adoption by said local government; and
- (4) Evidence of at least one of the following designations: Enterprise Community, Empowerment Zone, Tax Abatement, TIF designation, or other leverage, as set forth in Local Governmental Financial Assistance scoring category.

13. Minority Participation (Maximum 2 points) A Project will be awarded up to two points if a minority- or female-owned entity is the general partner. Points will be awarded if the minority- or female-owned entity has the percentage of controlling interest in the general partner or managing member of the Owner specified below. To qualify as a minority- or female-owned business, minorities or females, as applicable, must have a minimum 51% controlling interest in the entity.

For Profit Organizations: The Application must include evidence of the minority- or female-owned entity’s current certification by the Illinois Business Enterprise Council for Minorities, Females and Persons with Disabilities.

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

<u>Percentage Interest in General Partner and/or Limited Liability Company Entity</u>	<u>Points</u>
51% to 100%	2
25% to 50%	1

14. Project Design/Amenities (Maximum 9 points) Up to eight points may be awarded to a Project with desirable design elements and/or amenities (appropriate to the tenant population to be served) as follows:

- 1 point - brick, masonry, or a combination thereof, on a minimum of 50% of the exterior.
- 1 point - community space relative to the number of units; such community space must be in compliance with applicable local building codes, but no less than 1,200 square feet.
- 1 point - playground/tot lot area, dedicated fitness facility with at least three pieces of exercise equipment, or swimming pool. For scattered site Projects, a tot lot/park located between sites will be considered for points under this category if the Owner pays to have it constructed.
- 1-3 points- projects with significant Green Development Components from the Green Checklist (For Point Details see Supplemental Document 5; Green Checklist must be included with application in order to award points.) will earn one to three points. Innovative energy systems, including, but not limited to geo-thermal heating or solar power, may also be considered for a point under this category.

150 green points = 1 pt

200 green points = 2 pts

250 green points = 3 pts

Inspection Fee: For all applicants that are awarded points for green development and enhanced accessibility. This fee should be included in the development budget and is as follows:

\$1,500.00

The inspection fee will be due concurrently with the executed Reservation Letter for the Project in accordance with Section III.6. of this QAP.

\*Note-this fee has also been added to Attachment 5, Schedule of Fees.

- 1 point - projects designated locally as historic landmarks and projects in locally designated historic districts will earn one point where the landmark or district is certified by the Illinois Historic Preservation Agency or the National Park Service and the application includes appropriate documentation as to the designation.
- 1 point - hard-wire capability in each unit with the capacity for high speed computer/Internet access
- 1 point - other innovative design/amenities not listed above, as reviewed and approved by the Authority, which may include after school

programs, day care, etc.

15. Surrounding Site Amenities (Maximum 5 points) Up to five points may be awarded to a Project located on a site that is within appropriate distance of the amenity (appropriate to the tenant population to be served). Distance shall be reviewed on a case-by-case basis for rural Projects, as defined in Attachment 7; the distance indicated for each point category will be used for all other Projects. The market study must identify these amenities, and the location in the market study where they are identified must be indicated in the appropriate tab in the Application.

1 point - being part of a transit-oriented development strategy (located within four blocks) of a regular bus route, or to a rapid transit system stop, etc.); (1) point may be awarded where van or dial-a-ride service is provided to a Project's tenants. Written justification for any deviation from the suggested distance must be included with the Application. The Authority will review and determine suitability of the distance for each amenity on a case-by-case basis.

1 point - the site is within four blocks of parks or recreational facilities accessible to the general public. Written justification for any deviation from the suggested distance must be included with the Application. The Authority will review and determine suitability of the distance for each amenity on a case-by-case basis.

1 point - the site is within two miles of grocery, pharmacy or medical facilities. Written justification for any deviation from the suggested distance must be included with the Application. The Authority will review and determine suitability of the distance for each amenity on a case-by-case basis.

1 point - the site is within two miles of public schools (for non-elderly applicants), or of a senior recreational center, in the case of an Application targeting the independent-living elderly. Supportive Living Facilities that contain typical, extensive on-site activities may also be awarded one point under this category. Written justification for any deviation from the suggested distance must be included with the Application. The Authority will review and determine suitability of the distance for each amenity on a case-by-case basis.

1 point - the site is within an appropriate distance of other desirable amenities not listed above, as reviewed and approved by the Authority. Written justification for any deviation from the suggested distance must be included with the Application. The Authority will review and determine suitability of the distance for each amenity on a case-by-case basis.

16. Local Nonprofit Organization Participation (Maximum 2 points) Up to two points will be awarded to a Project if an Illinois domiciled, qualified nonprofit organization (as defined in Section II.C.2.c.) has interest in the Owner, the general partner or the managing member of the Owner and has a Material Participation in the Project and management of the Project, as specified below. The Authority will review the evidence of Material Participation and make the final determination.

<u>Percentage Interest in General Partner Entity</u>	<u>Points</u>
51% to 100%	2
25% to 50%	1

17. Application Presentation (1 point) Applications meeting all of the following requirements at the time of application will receive one point:
- 1) The Application is presented in three-ring binder or expandable file folder with clearly labeled tabs;
  - 2) A completed Tax Credit Application Checklist is included with application, clearly identifying the tab location of all required and discretionary documentation included with the application, and showing “N/A” for information not required and/or provided; and
  - 3) the self-scoring of the Application has been completed (in any format chosen by the Applicant).

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**D. MANDATORY PROJECT STANDARDS**

The Authority will evaluate Applications that satisfy both the mandatory Application requirements according to the following criteria. The Authority reserves the right to reject an Application or to require modifications to an Application that does not meet these minimum criteria. The Authority will provide seven (7) days for an Applicant to modify the Application upon the Authority's request.

- a. Ability to Proceed. The Project must be able to proceed in a timely fashion, as determined by the Authority. If the Authority determines that an Application for a Project evidences insufficient evidence of readiness to proceed in a timely manner, it may consider the next Application in the ranking for approval, even though it may have a lower competitive rank. In addition, prior to consideration by the Authority's Board of Directors, the Authority may rescind preliminary approval of Tax Credits if conditions to commitment are not met by the date specified by the Loan Committee.
- b. Financial Feasibility. The Project must be financially feasible, as determined by the Authority. If the Owner has applied for financing from the Authority and the Authority has denied, at any time, the Owner's application, the Authority will use the prior information in evaluating the financial feasibility of the Project. If the Owner has utilized unsound underwriting assumptions the Authority may deny Tax Credits.
- c. Sources/Uses. The total sources of funds identified in the Application must equal the total uses identified in the Project's budget included in the Application.
- d. General Contractor/Architect Cost Certification. An Owner must submit with its Application a general contractor's or architect's certification setting forth the scope of work and confirming the costs reflected in the Project budget in the Application.

- e. Fair Housing Act Design Requirements Certification. An Owner of a new construction Project must submit with its Application a certification performed by a licensed third party architect that the proposed Project will be constructed in compliance with the design and construction requirements set forth in Section 100.205 of the regulations promulgated under the Fair Housing Act, codified at 24 CFR 100.205.
  
- f. Per-Unit Cost Limitations. The Authority will use the per-unit cost limitations listed in **Attachment 8** of this Allocation Plan as a guideline in evaluating Projects. The Authority will also review the square footage of units for reasonableness. The Authority may waive the per-unit cost limit requirement for a Project if the Owner submits with its Application a written request that explains in a manner satisfactory to the Authority the reasons for exceeding these limits.
  
- g. Minimum Rehabilitation Standards. In addition to meeting rehabilitation requirements under Section 42, Projects involving rehabilitation must meet the Authority's minimum threshold requirement of **\$8,000** of rehabilitation costs per unit, unless the Authority has granted a waiver, as provided under the Preservation Set-Aside. Rehabilitation work must address all items identified as "Critical" or "Immediate" in the Physical Needs Assessment required to be submitted with the Application. The Owner may also choose to complete items identified in the Physical Needs Assessment as five (5) to seven (7) year needs, or may budget for adequate reserves to ensure that these items will be completed when needed.

Owners of an occupied rehabilitation Project, regardless of the level of occupancy or size, must submit with the Application (i) the current tenant income profile of the Project, (ii) the current rent schedule for the Project, (iii) a written explanation in any cases where the Project's proposed rents

identified on the Application exceed the current rent levels, and (iv) information regarding any waiting lists maintained for the Project.

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

Developer Fee and Overhead (combined)	<u>Fee Percentage</u>
-New construction, rehabilitation costs and all acquisition-related costs	12%*
Developer Fee will be limited in acquisition/rehabilitation transactions to 8% of the acquisition cost and 12% for rehabilitation and other development costs where there is an identity of interest between the seller and the buyer of the property being acquired.***	8%
Contractor Profit	6%**
Contractor Overhead	2%**
General Requirements	6%**

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

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

**Identity of Interest.** The Owner must indicate on the Application any identity of interest.

\*\*\* For the purposes of this limitation, an identity of interest exists between the buyer and seller where (i) an individual, his or her immediate family member or a Related Party, (ii) holds an ownership interest greater than 5% in the property and (iii) is common to both the seller and the buyer.

Immediate family members include a person's spouse, mother, father, sister, brother, daughter, son and any relative residing within a person's home.

- i. Rents. The proposed rents for the Project must be within the Tax Credit requirements (as set forth in **Attachment 10**), and must be reasonable for the market area. The Application must demonstrate that the low income rent levels set forth in the Application can be maintained for the full term of the Compliance Period. For those Projects utilizing rental assistance contracts with terms that are shorter than the Compliance Period, The Application must demonstrate how the targeted income population can continue to be served after termination of the rental assistance contract.
- j. Debt Service Coverage Ratio. The Project must demonstrate that it can maintain a minimum debt service coverage ratio of 1.15 on all debt, excluding Cash Flow Notes, for a minimum of 15 years
- k. Replacement Reserves. Minimum annual replacement reserve levels are as follows:

Targeted Population	Replacement Reserves Required
Elderly	\$250 per unit
All Other Projects	\$300 per unit

- l. Project Reserves. Minimum Project reserves (those included in the Project budget) must equal three months of effective gross income.
- m. Operating Expenses. Annual operating expenses per unit based upon type and location, excluding Project reserves, should fall within the following ranges:

Non-Metropolitan  
\$3,000 - \$5,000



Metropolitan  
\$4,000 - \$6,000

Please refer to Supplemental Document 3 for definition of Non-Metropolitan And Non-Metropolitan Areas.

Written justification for any deviation from the suggested range must be included with the Application, including justification for enhanced residential services for Supportive Housing Populations. The Authority will review and determine suitability for each deviation on a case-by-case basis. Operating expenses for Supportive Living Facilities will be reviewed on a case-by-case basis, but should correspond to underwriting guidelines utilized by the senior lender. For Supportive Living Facilities and any Project with operating expenses that fall outside the referenced range, the Application must contain a written explanation with supporting documentation.

- n. Trending. Applicants must utilize the following trending factors when projecting feasibility, unless the listed trending percentages are not representative of the area in which the project is located. The Applicant must substantiate any deviation from the listed trending through supplemental documentation, including but not limited to: evidence of real estate tax levies for the 10 years prior to application and audited operating expense information for the five years prior to application.
- i. Annual Tax Increase – 5%,
  - ii. Expenses – 4%,
  - iii. Income – 3%.
- o. Vacancy Rate. An assumed vacancy rate of 7% should be used for all Projects, with the exception of independent elderly (non-assisted/supportive living) Projects, which may utilize a 5% vacancy rate, and Supportive Living Facilities, which must use an 8% vacancy rate. If a different vacancy rate is used, the Applicant must submit a written explanation with the Application. If that explanation is not acceptable to the Authority, the Project may be deemed financially infeasible.

- p. Large Projects. If an Application requests Tax Credits in an amount which exceeds 10% of the 2008 or 2009 Authority Housing Credit Ceiling, the Authority reserves the right to take actions which include, but are not limited to, (i) approving the Project as proposed, (ii) reducing the amount of Tax Credits awarded to the Project, (iii) requiring the Owner to reduce the number of units, (iv) providing a multi-year reservation of Tax Credits, and/or (v) denying Tax Credits.
- q. Tax Credit Calculation. The Authority will determine the amount of Tax Credits that the Project is eligible to receive using both the qualified basis (using 9% and 3.50% as the standard applicable percentage) and equity gap methods (using .80 as the multiplier). Credit applicable percentage for **new** buildings that are not federally-subsidized is set at the greater of current law and 70 percent present value (“9 percent”), with a sunset date of December 31, 2013. See **Attachment 9** for a sample calculation of both of these calculation methods. The amount of Tax Credits that will be allocated will not exceed the amount necessary to make the Project economically feasible, as determined by the Authority.
- r. Property Management. The Authority will evaluate the Owner’s proposed property manager for a Project and reserves the right to require that the Owner select a different property manager. The Authority may make an evaluation of the Owner’s selection of a property management organization for a Project from the date of Application through the Project’s Extended Use Period. The Authority must approve any change in the property manager through a similar period.
- s. Utility Allowances. Utility allowance information may be provided by HUD, the governing public housing authority located in the same county as the Project, or the appropriate utility company.

## E. **PRIORITY ALLOCATION**

In keeping with the **State's Comprehensive Housing Planning Act (P.A. 94-965)**, IHDA may allocate Tax Credits to a project(s) selected by IHDA in response to a Notice of Funding Availability (NOFA) issued by the **Interagency Subcommittee** of the **Illinois Housing Task Force**, in conjunction with IHDA. The amount allocated will not exceed 10% of the total amount available in the second round of competition.

Any project recommended by the **Interagency Subcommittee** must meet the requirements of this Qualified Allocation Plan, excluding Section II.C.2, Competitive Review.

## III. **RESERVATION/DETERMINATION OF TAX CREDITS**

1. Approval Process. After the Authority has reviewed, scored and underwritten the Applications for the Application Period, the Authority's Loan Committee will consider qualified Applications and prepare recommendations for the Board. Recommendations for Reservations will be presented to the Board for approval on a regularly scheduled basis (see Section II.B.1. for Board meeting dates) unless extenuating circumstances exist, as determined by the Authority. **The Authority will require the Applicant, prior to Board consideration, to forward a colored elevation of the building in .jpeg or .ppt format to your assigned loan officer along with photographs of the site and surrounding area, and a satisfactory affirmative fair housing marketing plan.**
2. Limit on Reservations Made During the First Application Period. It is anticipated that no more than 50% of the Authority Housing Credit Ceiling will be used for Reservations during the first Application Period.
3. Forward Reservations. The Authority may make Reservations for Allocations from the 2009/2010 Authority Housing Credit Ceiling ("Forward Reservations") in an amount not to exceed 15% of the per capita portion of the 2008/2009 Authority

Housing Credit Ceiling. This limit may be exceeded if the lowest scoring Project to be approved for a Reservation is eligible for a Reservation amount that would make the aggregate amount of Forward Reservations exceed the 15% limit. Projects approved for a Forward Reservation of 2009/2010 Tax Credits must meet all Carryover Allocation requirements for calendar year 2008/2009.

4. Partial Reservations. If a Project in the second or third Application Period is recommended for a Reservation by the Board and there is an insufficient amount of Authority Housing Credit Ceiling for the full amount of the recommended Reservation, the Authority may make a Reservation for an Allocation for that Project partially from the 2008 Authority Housing Credit Ceiling. However, the Carryover Allocation Letter for that Project will reflect only the amount available from the current year's Authority Housing Credit Ceiling.
  
5. Availability of Credits. Qualifying Projects that do not receive Reservations during the final Application Period may be considered for a Reservation if either (i) a Reservation is for any reason returned to the Authority, (ii) the Authority Housing Credit Ceiling is increased from the national pool of unused Tax Credit Allocation authority or from returned Tax Credits or (iii) from Tax Credits made available pursuant to the increase in Authority Housing Credit Ceiling provided by the Housing and Economic Recovery Act of 2008. If additional Tax Credit Allocation authority becomes available, the Authority's Loan Committee will review the Applications scored in the Final Application Round, and determine which Project is best able to proceed. The Authority may also use any additional Authority Housing Credit Ceiling either for Increases prior to Reservations or for Projects with a Forward Reservation, or may carry the additional Authority Housing Credit Ceiling forward to the next calendar year.
  
6. Conditional Reservation Letter. Upon Board approval of a Reservation for a Project, the Authority will issue a Reservation Letter to the Owner stating (i) the amount of the Reservation, (ii) the amount of the reservation fee, (iii) the date by which the executed Reservation Letter and reservation fee must be submitted to the

Authority and (iv) any special conditions that must be satisfied in connection with the Reservation. Failure to return the reservation fee and the executed Reservation Letter by the stated date may result in forfeiture of the Reservation for the Project.

7. Special Conditions. The Authority may extend the time for meeting any special conditions set forth in the Reservation Letter. The Owner must submit a written request for an extension of time explaining the necessity of such extension to the Authority. The Authority may require a processing fee in connection with the extension review, as described in **Attachment 5**.
  
8. Election of Tax Credit Rate. In the case of any new, non-federally-subsidized building, as defined by Section 42, which is placed in service after July 30, 2008 and before December 31, 2013, the applicable percentage shall be the greater of the 70% present value credit determined under current law and nine percent (9%). With respect to acquisition credits for a building which is not federally-subsidized, the Owner may elect the Tax Credit rate in effect during either (1) the month in which the Authority issues a Reservation Letter or (2) the month in which the Project is placed in service. Where a building meets the definition of federally-subsidized under Section 42, the Owner must elect the Tax Credit rate in effect during either (1) the month in which the tax-exempt obligations were issued or (2) the month in which the Project is placed in service. To elect the first alternative in either of the previous sentences, the Owner must execute, and have notarized, the election rider to (1) the Reservation Letter or (2) the Determination Letter no later than the fifth day of the month following the month in which, in the first case, the Authority issues a Reservation Letter, and in the second case, the tax-exempt obligations were issued.
  
9. Reservation Fee. The Authority will charge a non-refundable reservation fee in an amount equal to 6.5% of the Reservation amount for the Project.
  
10. Modifications. Any modification or change of any nature to Projects that have received Reservations, including, but not limited to, changes in ownership, changes

in the Project characteristics or changes in the factors on which scoring decisions were made, will result in a reevaluation of the Application, and may result in revocation of the Reservation Letter. Any modification must conform to the requirements of Section 42. Requests for a modification of a Project must be made in writing, and must state the reason for the modification. The Authority may require payment of a processing fee, as described in **Attachment 5**. The Authority will notify the Owner in writing of the results of its review. The Owner's failure to notify the Authority of any change or modification to a Project may result in the revocation of the Reservation Letter.

11. Projects That Cannot Meet Placed-In-Service Requirement. If it appears that a Project to which a Carryover Allocation has been made may not be placed in service within the time period required under Section 42, the Authority may, at its discretion, based upon written documentation submitted by the Owner, make a determination that the failure to place such Project in service is due to circumstances beyond the Owner's control. If the Authority makes such a determination, the Authority may allow the Owner to return its Tax Credits without penalty to the Authority and to be given **first priority** for either a Reservation of Tax Credits for the Project in the current year or a Forward Reservation for an Allocation in either of the following two calendar years. Any such priority will be conditioned upon (i) a determination by the Authority that the Project continues to be desirable in terms of meeting the affordable housing needs of the State, (ii) the Owner's early return of any previously Allocated Tax Credits, and (iii) such other terms and conditions as the Authority determines appropriate under the circumstances. The Authority expects that Reservations and Forward Reservations under this subsection will be rare, and any Owner seeking relief under this subsection must produce clear and convincing evidence of its efforts to meet the in-service deadline, the specific circumstances causing the delay, and the attempted remedial measures taken by the Owner in order to mitigate the delay.
  
12. Extended Use Agreement Requirements. An Owner must enter into an Extended Use Agreement with the Authority before the Authority issues an IRS Form(s)

8609 for a Project. The Extended Use Agreement shall set forth, among other things, a Project's income and occupancy restrictions and any special restrictions under scoring categories and set-asides, as set forth in the Application. The Extended Use Agreement must be recorded by the Owner **prior to all other documents** evidencing or securing the financing provided in connection with the Project, in the office of the Recorder of Deeds in the county where the Project is located as a restrictive covenant on the real estate on which the Project is located, or if any such document shall previously have been recorded, the Owner must obtain a subordination agreement satisfactory to the Authority.

13. Determination Letter and Fee for Tax-Exempt Bond Projects. For Projects to be financed with the proceeds of tax-exempt bonds for which the Owners are requesting an Allocation pursuant to Section 42 (h)(4), the Authority will prepare a Determination Letter in place of a Reservation Letter if the Authority determines that such Project satisfies the requirements of the Allocation Plan. The Authority will charge a non-refundable determination fee in an amount equal to the greater of 6.5% of the annual Tax Credit amount and \$500, identified in the Determination Letter issued for the Project. If a Project qualifies for additional Tax Credits based on the final cost certification, the Owner must pay to the Authority an additional fee equal to 6.5% of the additional annual Tax Credit amount allocated must be paid to the Authority prior to issuance of IRS Form(s) 8609.
  
14. Subsidy Layering Review. The Authority will review Projects that require a subsidy layering review under HUD guidelines in accordance with appropriate HUD standards. The Authority will perform this review only for those Projects for which it approves a Reservation, or provides a Determination Letter under Section 42(m), and will charge a fee for this service as described in **Attachment 5**. This review is generally performed at the time of the initial closing of the financing for the Project and may be performed again at the final Allocation (prior to issuance of Form 8609(s)). The Owner must indicate on the Application whether subsidy layering is applicable to the Project. Owners should plan on allowing for a

minimum of 2 to 4 weeks for such a review to be completed, once all documentation has been received.

15. The Housing and Economic Recovery Act of 2008 provides that allocating agencies may provide up to a 130% boost (a “Boost”) to the eligible basis of buildings designated by the agency, resulting in an increase in the allocation to the Project:

“(v) Buildings Designated by State Housing Credit Agency - Any building which is designated by the state housing credit agency as requiring the increase in credit under this subparagraph in order for such building to be financially feasible as part of a qualified low-income housing project shall be treated for purposes of this subparagraph as located in a difficult development area which is designated for purposes of this subparagraph. The preceding sentence shall not apply to any building if paragraph (1) of subsection (h) [of Section 42 of the Code] does not apply to any portion of the eligible basis of such building by reason of paragraph (4) of such subsection.” (Sec. 3003).

Note the following limitations to the Boost:

- a. Buildings located in Qualified Census Tracts are ineligible for the increase in an Allocation under this section;
- b. The increase in the amount of Tax Credits awarded under this section will be the **minimum amount of Tax Credits required to achieve financial feasibility**, so may result in an amount less than the thirty percent (30%) increase allowed by this section.

The following selection criteria will be utilized by the Authority in awarding the Boost to Projects.

1. High Cost Areas (to be reflected in the application) - Projects where the eligible basis (without the Boost) would be a low percentage of the total development costs due to either high land costs or the necessity of extensive site preparation and/or off-site costs (the “Eligible Costs”) may apply for a Boost of up to 30% of their eligible basis. The Authority will rank Projects under this category according to the percentage of Eligible Costs in relation to total project cost (the “Ranking Percentile”). This formula is expressed in the following equation: Eligible Costs ÷ total project cost = Ranking Percentile.

After ranking, the Authority will select those Projects which have the highest Ranking Percentile for the Boost.



2. Affordable Housing Planning and Appeal Act (to be reflected in the application) – Projects located in municipalities listed in Supplemental Document 4 of this QAP may apply for a Boost of up to 30% of their eligible basis.
3. Supportive Housing Populations (to be reflected in the application) - Projects that meet requirements of the Supportive Housing Population Set-aside may apply for a Boost of up to 30% of their eligible basis.
4. Projects that Become Financially Infeasible (to be determined by the Authority after application) – Projects that meet the following sub-criteria may be granted a Boost by the Authority:
  - a. meet at least one Governor’s Affordable Housing Task Force priority as set forth in the Governor’s Comprehensive Housing Plan; and
  - b. receive a numerical ranking sufficient to be funded from the Authority’s Credit Ceiling; but
  - c. experience unforeseen difficulties in obtaining financing commitments such that they become financially infeasible

Applicants may not include a Boost under this fourth criterion in their application to the Authority. Eligibility for the Boost under this criterion will be determined by the Authority. This Boost may be awarded by the Authority to a Project at any time after Application but prior to the initial financial closing of a Project.

#### IV. ALLOCATION

1. CARRYOVER ALLOCATIONS. For Projects that will not be placed in service during the year in which a Reservation Letter is issued, the Authority will grant a Carryover Allocation if the Project is expected to be placed in service no later than the end of the **second** year following the year in which a Carryover Allocation is made. The Authority shall grant a Carryover Allocation if the Project satisfies the following criteria, and is consistent with other requirements of Section 42 of the Code:
  - a) A Carryover Allocation Letter evidencing the Authority’s intent to carry over the Reservation amount will be prepared and forwarded to each Owner approved for a Reservation by October 15, 2008. The Carryover Allocation Letter must be executed and returned to the Authority by November 1, 2008, in order for the Carryover Allocation to be valid. For year 2009 Allocations, the Carryover Allocation Letter will be forwarded by October 15, 2009 and must be returned by November 1, 2009.

The Authority will require Owners approved for a Reservation to provide an estimate of their reasonably expected basis and percentage to be expended by the Ten Percent Date in a form to be prescribed by the Authority.

- b) The evidence of Site Control in the Owner's name must be satisfactory to the Authority and must extend at least through June 30th of the year following the year in which the Carryover Allocation was made and received by November 1, of the year in which the Carryover Allocation was made. On June 1, of the year following the year of the Carryover Allocation, evidence of Site Control must be submitted to the Authority, in the Owner's name must be satisfactory to the Authority and must extend at least through December 31st of the year following the Carryover Allocation.
- c) In addition, each Owner approved for a Reservation must evidence to the satisfaction of the Authority that more than ten percent (10%) of the reasonably expected basis in the Project (the "Ten Percent Test") has been incurred no later than twelve (12) months after the Carryover Allocation (the "Ten Percent Date"). Evidence shall be provided on forms provided and in a manner prescribed by the Authority.  
The costs incurred in meeting the 10% Test must be certified, in a format specified by the Authority, by an independent, third-party certified public accountant or an attorney;
- d) Requests for extensions of the deadline for Carryover Allocations must be submitted to the Authority in writing and must indicate the reason for the extension;
- e) The Authority will not issue a Carryover Allocation Letter until all outstanding fees owed to the Authority in connection with the Application and the Reservation for the Project and any other fees or debt service owed to the Authority in connection with any Authority program have been paid;
- f) The Owner must submit any other information required by the Authority;
- g) All conditions and requirements of Section 42(h)(1)(E) of the Code and the applicable regulations must be met; and
- h) Modifications of Projects that have received Carryover Allocations will be subject to the same procedures, conditions and approval requirements (including possible cancellation of the Carryover Allocation) as Projects which have received Reservations, together with such additional requirements as the Authority may determine appropriate.

2. **ALLOCATION/ISSUANCE OF IRS FORM(S) 8609.** An Owner must notify the Authority when a Project has been placed in service. The Authority will issue IRS Form(s) 8609, contingent upon the Owner submitting all documentation listed

on the Authority's final Allocation checklist, set forth below, to the Authority's satisfaction, and upon the Authority's final financial feasibility analysis based on such documentation. It is the Authority's policy to not issue Form(s) 8609 for Projects with multiple buildings until all of the buildings in the Project have been placed in service. The Authority may suspend this policy under extenuating circumstances. Owners must submit a copy of the executed first year's filing of IRS Form(s) 8609 for inclusion in the Authority's permanent Project records.

Projects Placed In Service During Calendar Years 2008 & 2009. For Projects receiving a Reservation during 2008 & 2009 that will be placed in service during the 2008 & 2009 calendar years, the Authority will make the Allocation by issuing IRS Form(s) 8609 prior to the end of the 2008 & 2009 calendar years. Owners of these Projects must provide to the Authority all final Allocation checklist items no later than November 1, 2008 & 2009.

Projects Placed In Service After Calendar Years 2008 & 2009. For Projects receiving a Reservation during 2008 & 2009 that will be placed in service after the end of the 2008 & 2009 calendar years, the Authority will issue a Carryover Allocation. Such Projects must be placed in service no later than the end of the second year following the year in which a Carryover Allocation is made. The Owner must notify the Authority when a Project has been placed in service, and must submit all final Allocation checklist items to the Authority no later than three months after the end of the first year for which the Owner intends to claim Tax Credits for the Project.

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

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

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

- b) An independent third-party certified public accountant's opinion, based on such accountant's audit of the Project, that certifies, in a format specified by the Authority, to the total Project **costs**, total **eligible basis** and all **sources** of financing used for the Project.
- c) An occupancy permit from the municipality in which the Project is located or, in the case of rehabilitation Projects, other information in form and substance acceptable to the Authority that demonstrates that the Project has been placed in service.
- d) A signed Reservation Letter, payment of the required reservation or determination fee and evidence that all special conditions of the Reservation Letter have been met.
- e) A fully executed Carryover Allocation Letter with appropriate exhibits, if applicable.
- f) A signed Compliance Monitoring Agreement.
- g) A completed Final Financing Form, with evidence of all sources of permanent financing, such as promissory notes. **The total sources of funds on the Final Financing Form must equal total actual costs.**
- h) Evidence of ownership of the Project by the Owner; if title is held in a land trust, the Owner must submit the land trust agreement showing that the Owner is the sole beneficiary of the land trust.
- i) A copy of the recorded Extended Use Agreement.
- j) A Copy of the Owner's final title insurance policy evidencing that the Extended Use Agreement has been recorded before all other documents evidencing or securing the financing provided in connection with the Project.
- k) Copies of the Owner's organizational documents, including an executed copy of the partnership agreement or limited liability company operating agreement, certified by the managing general partner or managing member, as applicable. The equity contribution on the Final Financing Form must be equal to the contribution shown in the partnership agreement before the Authority will issue an IRS Form 8609.
- l) A color photograph of the completed Project.
- m) A site location map.

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

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

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

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V. **REVOCATION OF RESERVATION/CANCELLATION OF CARRYOVER ALLOCATION.** Prior to issuing IRS Form(s) 8609, the Authority may revoke a Reservation or cancel a Carryover Allocation for a Project under the conditions set forth below, or under such other conditions as may be set forth in the Reservation, the Carryover Allocation Letter or other appropriate documents. If a Reservation is revoked or a Carryover Allocation canceled, 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.

- a) 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 scoring decisions were made.
- b) The Authority determines that the Project is unable to proceed.
- c) The Authority determines that the Owner will fail to meet the Authority's requirements for a Carryover Allocation, including any conditions set forth in the Reservation or the Carryover Allocation Letter.
- d) The Authority determines that the Project will fail to be placed in service by the time required by the Carryover Allocation Letter.
- e) The Owner fails to provide to the Authority all items in the final Allocation checklist in a timely manner (see the requirements under Section IV.2.).
- f) The Owner or a Related Party of such Owner is out of compliance with Section 42 in connection with any Project, unless the Authority determines to permit the applicable party to terminate any association with the Project.
- g) The Owner or a Related Party of such Owner has outstanding compliance violations in connection with any Project that have not been resolved to the Authority's satisfaction.
- h) The Owner or a Related Party of such Owner is delinquent under any loan or grant made by the Authority in connection with any Authority program and is not in good standing under a workout agreement with the Authority or has not satisfied any other requirements of the Authority in connection with that delinquency.

- i) The Owner or a Related Party of such Owner has an outstanding expense owed to the Authority in connection with any Authority program.
- j) The Authority has good reason to believe that the Owner has materially misrepresented facts or has provided false information to the Authority in connection with the Project or in connection with any other Authority Program.
- k) The Owner is bankrupt or in a financial situation that jeopardizes the Project's completion and/or continued operation.
- l) The nonprofit participant in a Nonprofit Project withdraws or is removed, and is not replaced by another qualified nonprofit entity.

## **VI. COMPLIANCE MONITORING**

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

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

2. Compliance Monitoring Fee. The Authority charges an annual compliance monitoring fee associated with compliance monitoring. This fee is in addition to the Application and/or Reservation fee. The current monitoring fees are listed in **Attachment 5** and are subject to change.
  
3. 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," a copy of which is available upon request. Please direct requests to:

Technical Services Department  
Illinois Housing Development Authority  
401 North Michigan Ave., Suite 700  
Chicago, Illinois 60611  
Fax 312/832-2187

4. Compliance with the Fair Housing Act. The Owners are advised that compliance with the general public use requirement for Tax Credit Projects requires compliance with the Fair Housing. An Owner's failure to comply the Fair Housing Act will constitute noncompliance with the general public use requirement, and the Authority will report such noncompliance to the Internal Revenue Service.



## VII. GENERAL PROVISIONS

1. Code Changes Affecting This Plan. If, as a result of changes in the Code or otherwise, the IRS finds that any part of this Allocation Plan is not in compliance with Section 42, only that non-compliant part shall be considered as being out of compliance with Section 42.
2. Updates/Amendments to Attachments to the Allocation Plan. The Authority expressly reserves the right to amend and/or update the attachments to this Allocation Plan as necessary.
3. Amendments/Waivers to This Allocation Plan. The Authority's procedures under this Allocation Plan are subject to change without notice. Except as required by Section 42, the Board may amend this Allocation Plan at any time and may waive the application of any or all requirements of this Allocation Plan.
4. Compliance with Federal and State Laws. The Authority's review of an Application is solely for its own purposes and the Owner of a Project may not rely upon the Authority's review as evidence of such Project's compliance with federal or State law. The Authority's Allocation for a Project shall not constitute a representation or warranty that the Project complies with Section 42 or any other laws and regulations governing Tax Credits including, but not limited to, the Fair Housing Act. The Owner is responsible to ensure that the Project complies with such laws and regulations. If the IRS disallows the Tax Credits for a Project, those Tax Credits may revert to the Authority for Reservation for and Allocation to other Projects.
5. Employee Liability. No Member, officer, agent or employee of the Authority shall be personally liable concerning any matters arising out of or in connection with the review of an Application, a Reservation or an Allocation, or the monitoring of a Project for compliance with Section 42.

6. IRS Authority. The Authority on behalf of itself, its Members, officers, agents and employees disclaims any and all liability that may arise in connection with the Allocation for a Project and the disallowance or recapture of Tax Credits by the IRS.
7. Governor's Approval. This Allocation Plan shall go into effect when it has been approved by the Governor of the State.
8. Outside Legal Counsel. When the Authority deems it necessary to consult with outside legal counsel regarding **Project-specific issues**, such Project's Owner will be notified and will be responsible for payment for such legal services.
9. Notification to Owner. The Authority will send Reservation Letters and Carryover Allocation Letters by overnight courier. The Authority will send all other notices, demands, requests or communication by United States mail, postage prepaid, and will be deemed received three business days after proper deposit with the United States Postal Service.

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**ATTACHMENT 1**  
**ILLINOIS HOUSING DEVELOPMENT AUTHORITY**  
**Site and Market Study Format**  
**For Properties 12 Units or Less,**  
**OR**  
**Acquisition/Rehab (with more than 80% occupancy)**  
**OR**  
**Supportive Housing Set-Aside Projects**

I. PROPOSED DEVELOPMENT

A. Developer

Provide the name and address of developer or sponsor.

B. General Description

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

C. General Location

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

D. Description of Site Improvements

1. Buildings: Describe the number of buildings, stories and type (*highrise with elevator, walk-up, townhome, etc.*). Evaluate the appropriateness of the building design for the market and the intended tenant base.
2. Development Amenities: Describe the development amenities proposed for the property. Determine whether or not the amenities are appropriate and sufficient for the market and the intended tenant base.
3. Construction/Rehab: Describe the construction type of the buildings or in the case of Acquisition/Rehab projects list the rehabilitation to be performed (*e.g. brick, vinyl sided, concrete*). Note any problems the proposed construction type or façade, or the planned rehabilitation may have with market acceptance.

E. Apartment Details

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

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

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

II. FIELD OBSERVATIONS

A. Site (for Acquisition/Rehab projects only)

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

B. Adjacent Land

1. Adjacent Land Use: Detail the use of land located directly north, south, west and east of the site. Possible environmental problems and objectionable adjacent land use should be noted.
2. Neighborhood Description: Describe the neighborhood in which the development will be located and evaluate the appropriateness of the proposed project within that setting.

III. MARKET AREA CHARACTERISTICS:

A. Market Area

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

B. Area Services

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

Site and Market Studies performed for Tax Credit applications must address those Surrounding Site Amenities for which the developer expects to receive points, as listed under the Scoring Categories in the most current QAP. The discussion of each item must indicate the distance from the subject site (see requirements as outlined in the QAP).

1. Shopping and Related Services: Location and distance from the site of the nearest grocery, drugstore, convenience store, pharmacy and other essential services and retail shopping (*including neighborhood shopping malls and regional shopping centers*).
2. Transportation: Access and proximity to major roads and highways, bus service, transit centers, commuter rail stations and airport(s).
3. Educational Facilities: (*For properties serving families with children*) Name, location and distance from the site to schools in the local school district. Availability of bus service provided by the school district. Number of students and percent of capacity filled for each school.
4. Recreation: A list (*including location and distance from the site*) of outdoor and indoor recreational facilities such as parks, forest preserves, golf courses and movie theaters in the area.
5. Health Care: Location and distance from the site to the nearest hospital(s).
6. Senior Services/Center: (*For properties intended to serve elderly tenants*) The location and distance from the site of the area's senior center. List the services available through the center or through various organizations in the area serving the senior population.

C. Population/Demographic Characteristics (Not required of projects with 12 units or less)

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

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

D. Employment

General employment base information is not required for this format. However, if the study is being prepared for a developer who is applying for Tax Credits, and who

anticipates being awarded points for the “Live Near Work” category (see the most current QAP), the study must delineate the distance of the employers, identified by the developer, from the subject site. Acceptable distances are five-miles for non-rural areas and ten-miles for rural areas. (See the most current QAP for the list of non-rural areas).

In addition, the study must also document the existence and availability, or lack of, decent affordable rental housing within the primary market area. This documentation must be provided in Exhibits 1 and 2 found at the back of this format. In particular, the development condition, number of units and occupancy must be denoted on the Exhibits in order for us to make our evaluation. If this information is not provided, the developer will not receive points under the “Live Near Work” category.

#### IV. HOUSING MARKET CHARACTERISTICS

##### A. Comparable Analysis

1. Comparable Properties: Present a narrative description of each comparable in the rental market. Include information regarding the unit and development amenities offered, the condition of the property and occupancy information when available. A detailed summary of these developments in table format (*as shown in Attachment 1*) should also be included.
2. Comparison of Market Area Rental Market: Provide a comparison summary of the proposed development and the competing market-area rental developments detailed above. The summary is to include rent, square footage and unit composition comparisons. If no comparable developments exist within the market area, the mean gross rent for the area and the census tract in which the site is located should be examined. A final statement of the proposed property’s position in the rental market compared to the current rental market should be made. This statement should also indicate whether this position is acceptable and give reasons for the proposed developments acceptability.
3. Proposed Project and Market Rate Property Data (For projects with deep subsidy only i.e. Section 8 or Section 515): Provide data pertaining to the proposed project’s current contract rents by unit type. Additionally, provide both a narrative and table discussion of comparable market-rate properties in terms of location, development size, amenities, and current rent levels by unit type.

Obtain and provide historical market rate rental trends (preferably 5 years back) for all properties utilized above. Utilize this same data to estimate market rate rents in the area over a future five year period. Detail/explain this analysis in both a numeric and narrative format.

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

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

A. Affordable Rent Analysis

Calculate what percentage of a household's monthly income will be required for rent, utilizing maximum income limits and proposed rents. Provide a range of affordability, based on annual income by calculating the minimum monthly income a household can make and still afford the proposed rent. Please indicate the percentage of household income used to determine the minimum annual income affordability. Note: historically the Authority has considered 35% of monthly household income for family households, 45% of monthly income for elderly households, and 30% of Permanent Supportive Housing Project households as a reasonable threshold for affordability. This data should be presented in table format, using the following example.

1 Person <u>Household</u>	2 Person <u>Household</u>	3 Person <u>Household</u>	4 Person <u>Household</u>
------------------------------	------------------------------	------------------------------	------------------------------

Very Low Income Units  
(X% median income)

1 BR Units

Maximum Income Limit for Household Size  
Proposed Monthly Rent Plus Utilities  
Rent as % of Maximum Monthly Income  
Minimum Income Needed for Affordability  
(Based on X % of Monthly Income)

2 BR Units

Maximum Income Limit for Household Size  
Proposed Monthly Rent Plus Utilities  
Rent as % of Maximum Monthly Income  
Minimum Income Needed for Affordability  
(Based on X % of Monthly Income)

Low Income Limits

(X% median income)

1 BR Units

Maximum Income Limit for Household Size  
Proposed Monthly Rent Plus Utilities  
Rent as % of Maximum Monthly Income  
Minimum Income Needed for Affordability  
(Based on X % of Monthly Income)

2 BR Units

Maximum Income Limit for Household Size  
Proposed Monthly Rent Plus Utilities  
Rent as % of Maximum Monthly Income  
Minimum Income Needed for Affordability  
(Based on X % of Monthly Income)

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

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

VI. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

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

B. Recommendations

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

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

VII. APPENDIX

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

**EXHIBIT 1**

Comparable Properties



<b>Development Name/Address</b>	<b>Year Built</b>	<b>Total Units</b>	<b>Unit Type</b>	<b>Units By Type</b>	<b>Rent Range</b>	<b>Sq. Ft. Range</b>	<b>Rent/Sq. Ft. Range</b>
<u>Main Street Apts.</u> <u>123 Main Street</u> <u>Your Town, IL</u>	1999	99	1 BR	33	\$693	650	\$1.06
			2 BR	33	\$836	857	\$0.97
			3 BR	33	\$970	1,026	\$0.95

Phone Number: 123-1234

**Occupancy:** 100%

**Utilities:** Incl.

**Amenities:** Pool

**Development Condition:** Good Cond.

**Weighted Average Rent/Sq. Ft.:**

## EXHIBIT 2

### Sample format for the Summary of Market Area Affordable Housing

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

**ATTACHMENT 2  
ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
Site and Market Study Format  
For Supportive Living Facilities for the Elderly**

I. PROPOSED DEVELOPMENT

A. Developer

Provide the name and address of developer or sponsor.

B. General Description

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

C. General Location

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

D. Site Description

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

E. Description of Site Improvements

1. Buildings: Describe the number of buildings, stories and type (*highrise, midrise, etc.*). Evaluate the appropriateness of the building design for the intended tenant base.
2. Development Amenities: Describe the development's amenities. Determine whether or not these are appropriate and sufficient for the intended tenant base. Determine whether these services are appropriate and sufficient for the intended tenant base.

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

F. Apartment Details

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

II. FIELD OBSERVATIONS

A. Site

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

III. MARKET AREA CHARACTERISTICS:

A. Market Area

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

B. Area Services

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

Site and Market Studies performed for Tax Credit applications must address those Surrounding Site Amenities for which the developer expects to receive points, as listed under the Scoring Categories in the most current QAP. The discussion of each item must indicate the distance from the subject site (see requirements as outlined in the QAP).

1. Shopping and Related Services: Location and distance from the site of the nearest grocery, drugstore, convenience store, pharmacy and other essential services and retail shopping (*including neighborhood shopping malls and regional shopping centers*).
2. Transportation: Access and proximity to major roads and highways, bus service, transit centers, commuter rail stations and airport(s).
3. Senior Services/Center: (*For properties intended to serve elderly tenants*) The location and distance from the site of the area's senior center. List the services available through the center or through various organizations in the area serving the senior population.
4. Recreation: A list (*including location and distance from the site*) of outdoor and indoor recreational facilities such as parks, forest preserves, golf courses and movie theaters in the area.
5. Health Care: Location and distance from the site to the nearest hospital(s).

C. Population/Demographic Characteristics

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

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

IV. HOUSING MARKET CHARACTERISTICS

A. Comparable Analysis

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

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

## V. POTENTIAL MARKET

### A. Capture and Penetration Rate

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

*In addition to presenting IHDA's capture rate analysis explained above, differing methodologies of capture rate analysis may be utilized and presented at this point; however, IHDA's methodology must be presented. Please thoroughly explain any other methodology used and any benchmark figures utilized.*

Provide an overall affordable unit penetration rate analysis of the market area. This is calculated by dividing the total number of affordable units (including the proposed and **all** other affordable properties) by the total number of income and/or age qualifying households. Please note: An acceptable overall penetration rate of affordable units in a market area should generally be under 25%.

### B. Absorption Rate

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

VI. IMPACT ON OTHER AFFORDABLE HOUSING AND MARKET RATE HOUSING

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

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

VII. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

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

B. Recommendations

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

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

VIII. APPENDIX

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

Comparable Properties

<b>Development Name/Address</b>	<b>Year Built</b>	<b>Total Units</b>	<b>Unit Type</b>	<b>Units By Type</b>	<b>Rent Range</b>	<b>Sq. Ft. Range</b>	<b>Rent/Sq. Ft. Range</b>
<u>Greenview SLF.</u> <u>123 Main Street</u> <u>Your Town, IL</u>	1999	100	1 BR 2 BR	95 5	\$ \$		

Phone Number: 123-1234

**Occupancy:** 100%

**Services:** 3 Meals

**Development Condition:** Good Cond.

**Weighted Average Rent/Sq. Ft.:**

ATTACHMENT 3



**ILLINOIS HOUSING DEVELOPMENT AUTHORITY**  
**Site and Market Study Format**

I. PROPOSED DEVELOPMENT

A. Developer

Provide the name and address of developer or sponsor.

B. General Description

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

C. General Location

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

D. Site Description

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

E. Description of Site Improvements

1. Buildings: Describe the number of buildings, stories and type (*highrise with elevator, walk-up, townhome, etc.*). Evaluate the appropriateness of the building design for the market and the intended tenant base.
2. Development Amenities: Describe the development amenities proposed for the property. Determine whether or not the amenities are appropriate and sufficient for the market and the intended tenant base.
3. Construction: Describe the construction type of the buildings (*e.g. brick, vinyl sided, concrete*). Note any problems the proposed construction type or façade may have with market acceptance.
4. Parking: Provide the number and type of parking spaces proposed. Evaluate the parking-to-unit ratio and indicate whether the proposed parking will be

sufficient for the property. If there is an additional fee to be charged to the tenants for parking, evaluate the charge in regards to the market.

5. Density: Provide the number of units per acre. Indicate whether the proposed density is appropriate for the market.
6. Zoning: Present zoning of the site and any applicable restrictions.
7. Other: Describe any other separate structures located at the development (*e.g. maintenance shed, separate clubhouse, etc.*).

F. Apartment Details

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

II. FIELD OBSERVATIONS

A. Site

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

B. Adjacent Land

3. Adjacent Land Use: Detail the use of land located directly north, south, west and east of the site. Possible environmental problems and objectionable adjacent land use should be noted.
4. Neighborhood Description: Describe the neighborhood in which the development will be located and evaluate the appropriateness of the proposed project within that setting.

### III. MARKET AREA CHARACTERISTICS:

#### A. Market Area

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

#### B. Area Services

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

Site and Market Studies performed for Tax Credit applications must address the Surrounding Site Amenities for which the developer expects to receive points, as listed under the Scoring Categories in the most current QAP. The discussion of each item must indicate the distance from the subject site (see requirements as outlined in the QAP).

1. Shopping and Related Services: Location and distance from the site of the nearest grocery, drugstore, convenience store, pharmacy and other essential services and retail shopping (*including neighborhood shopping malls and regional shopping centers*).
2. Transportation: Access and proximity to major roads and highways, bus service, transit centers, commuter rail stations and airport(s).
3. Educational Facilities: ( *For properties serving families with children*) Name, location and distance from the site to schools in the local school district. Availability of bus service provided by the school district. Number of students and percent of capacity filled for each school
4. Recreation: A list (*including location and distance from the site*) of outdoor and indoor recreational facilities such as parks, forest preserves, golf courses and movie theaters in the area.
5. Health Care: Location and distance from the site to the nearest hospital(s).
6. Senior Services/Center: (*For properties intended to serve elderly tenants*) The location and distance from the site of the area's senior center. List the services available through the center or through various organizations in the area serving the senior population.

C. Population/Demographic Characteristics

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

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

D. Employment

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

If the study is being prepared for a developer who is applying for Tax Credits, and who anticipates being awarded points for the “Live Near Work” category (see the most current QAP), the study must delineate the distance of the employers, identified by the developer, from the subject site. Acceptable distances are five-miles for non-rural areas, and ten-miles for rural areas. (See the most current QAP for the list of non-rural areas).

In addition, the study must also document the existence and availability, or lack of, decent affordable rental housing within the primary market area. This documentation must be provided in Exhibits 1 and 2 found at the back of this format. In particular, the development condition, number of units and occupancy must be denoted on the Exhibits in order for us to make our evaluation. If this information is not provided, the developer will not receive points under the “Live Near Work” category.

IV. HOUSING MARKET CHARACTERISTICS

A. General Housing Characteristics

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

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

B. Housing Activity

Indicate the number of building permits issued from 1996 to the present for both single family and multifamily units. Indicate the source of this data.

C. Consolidated Plan

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

D. Comparable Analysis

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

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

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

Obtain and provide historical market rate rental trends (preferably 5 years back) for all properties utilized above. Utilize this same data to estimate market rate rents in the area over a future five year period. Detail/explain this analysis in both a numeric and narrative format.

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

Provide a summary description of affordable housing in the primary market area. Include information on the condition of each property and the overall attitude in

the market regarding these non-IHDA affordable housing options. Further detail on each property is provided in Exhibit 2.

## AFFORDABILITY/DEMAND

### A. Affordable Rent Analysis

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

<u>1 Person Household</u>	<u>2 Person Household</u>	<u>3 Person Household</u>	<u>4 Person Household</u>
-------------------------------	-------------------------------	-------------------------------	-------------------------------

**Very Low Income Units**

(X% median income)

**1 BR Units**

Maximum Income Limit for Household Size  
 Proposed Monthly Rent Plus Utilities  
 Rent as % of Maximum Monthly Income  
 Minimum Income Needed for Affordability  
 (Based on X % of Monthly Income)

**2 BR Units**

Maximum Income Limit for Household Size  
 Proposed Monthly Rent Plus Utilities  
 Rent as % of Maximum Monthly Income  
 Minimum Income Needed for Affordability  
 (Based on X % of Monthly Income)

**Low Income Limits**

(X% median income)

**1 BR Units**

Maximum Income Limit for Household Size  
 Proposed Monthly Rent Plus Utilities  
 Rent as % of Maximum Monthly Income  
 Minimum Income Needed for Affordability  
 (Based on X % of Monthly Income)

**2 BR Units**

Maximum Income Limit for Household Size  
 Proposed Monthly Rent Plus Utilities  
 Rent as % of Maximum Monthly Income  
 Minimum Income Needed for Affordability  
 (Based on X % of Monthly Income)

B. Capture and Penetration Rate

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

C. Absorption Rate

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

D. Housing Need

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

1. Compare the number of other affordable housing units in the area to the number of income/age eligible households in the market area.
2. Discuss how vacancy rates, type of housing provided and quality of the affordable housing stock impact the existing supply of affordable housing.  
.
3. Look at the cost of homeownership and estimate the number of renters versus homeowners within the income/age eligible household population.
4. Compare the household sizes of income/age eligible families to the unit sizes provided in the affordable housing stock and the proposed property.



VI. IMPACT ON OTHER AFFORDABLE HOUSING AND MARKET RATE HOUSING

A. Impact on Other IHDA Properties

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

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

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

C. Impact on Market Rate Housing

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

VII. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

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

B. Recommendations

Based on the findings summarized in the conclusion, provide a recommendation regarding whether to accept the property as proposed, accept the property with

changes or to decline the property. If a change is recommended, state the reason for the change and provide an alternative that would fit the market. If the recommendation is to decline a property, provide justification for this conclusion.

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

## VIII. APPENDIX

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

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

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

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

### B. Affordable Housing Map

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

## EXHIBIT 1

### Comparable Properties

<b>Development Name/Address</b>	<b>Year Built</b>	<b>Total Units</b>	<b>Unit Type</b>	<b>Units By Type</b>	<b>Rent Range</b>	<b>Sq. Ft. Range</b>	<b>Rent/Sq. Ft. Range</b>
<u>Main Street</u>	1999	99	1 BR	33	\$693	650	\$1.06
<u>Apts.</u>							
<u>123 Main Street</u>			2 BR	33	\$836	857	\$0.97
<u>Your Town, IL</u>			3 BR	33	\$970	1,026	\$0.95

Phone Number: 123-1234

**Occupancy:** 100%

**Utilities:** Incl.

**Amenities:** Pool

**Development Condition:** Good Cond.

**Weighted Average Rent/Sq. Ft.:**

## EXHIBIT 2

### Sample format for the Summary of Market Area Affordable Housing

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

**PHYSICAL NEEDS ASSESSMENT**

**GUIDANCE TO THE PROPERTY EVALUATOR**

**SAMPLE REPORT MASTER 8-09-07**

**PROPERTY NEEDS ASSESSMENT**

**FOR**

**NAME OF PROJECT  
ADDRESS OF PROJECT  
CITY, ILLINOIS ZIP**

**DATE:**

**PREPARED FOR**

**NAME OF CLIENT  
ADDRESS OF CLIENT  
CITY, STATE**

**PREPARED BY:**

**NAME  
ADDRESS  
CITY, STATE, ZIP**

Date:

Client Name

Address

Property Needs Assessment  
PROPERTY NAME  
STREET NUMBER & NAME  
CITY, STATE ZIP

Dear Mr. or Ms. ....:

We are pleased to provide the results of the Property Needs Assessment of the PROPERTY NAME in ANY CITY, STATE. This assessment was authorized on Date.

We appreciate the opportunity to provide engineering services to name of client. If you have any questions concerning this report, or if we can assist you in any other manner, please call our office.

Sincerely,

(Your Name)

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**APPENDIX A – EXHIBITS**

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## **1.0 EXECUTIVE SUMMARY**

<b>Property Name:</b>	Savoy Apartments		
<b>Location:</b>	123 Main Street, Tri-City, Illinois 60198		
<b>Date of Assessment</b>	March 20, 2003		
<b>Site Information</b>	6.5 Acres		
<b>Buildings and Amenities:</b>	Apartment Buildings	Five, 3-stories	
	Club house/ rental office.	One, 1-story	
	Swimming pool	One, Heated	
	Maintenance Building	One, 1-story	
	Garages	N/A	
	Carports	N/A	
	Other	N/A	
<b>Number of Apartments:</b>	<i>Leased:</i>	95	
	<i>Vacant:</i>	5	
	<i>Total:</i>	100	
<b>Number of Parking Spaces:</b>	<i>Standard:</i>	98	
	<i>Disabled:</i>	2	
	<i>Total:</i>	100	
<b>Number of Parking Spaces Required:</b>	<i>Standard:</i>	96	
	<i>Disabled:</i>	4	
	<i>Total:</i>	100	
<b>Construction Date:</b>	1991		
<b>First Occupancy Date:</b>	1992		

Generally, the building appears to be in fair to good physical condition. Both the exterior and interior appear to be well maintained. Based on the site observations, there are recommended capital expenditures that should be accomplished during the evaluation period.

The following table presents recommended expenditures categorized as Critical Repair (All deficiencies of health and safety, violation of Section 8 housing quality standards, FHA's regulatory agreement standards that require immediate remediation, and building and fire code violations). Immediate Repair and Replacement Items (All items of significant deferred and other maintenance items that will need to be addressed within 12 months of closing including accessibility requirements), Long Term Physical Needs (All items that require repair and replacement over the evaluation period)

**Capital Expenditures – 10-year Term Period**  
**PROPERTY NAME - ANY CITY, Illinois**

Item	Property Condition			Critical Repair	Immediate Repair & Replacement	Long Term
	POOR	FAIR	GOOD			
<i>4.01 Site Development</i>				\$	\$	\$
<i>4.02 Building Structure</i>				\$	\$	\$
<i>4.03 Building Structure</i>				\$	\$	\$
<i>4.04 Building Interior</i>				\$	\$	\$
<i>4.05 Mechanical Systems</i>				\$	\$	\$
<i>4.06 Electrical Systems</i>				\$	\$	\$
<u>4.07 Building Plumbing Systems</u>				\$	\$	\$
<u>4.08 Conveyance Systems</u>				\$	\$	\$
<b>4.09 Life Safety/Fire Protection</b>				\$	\$	\$
<u>4.10 Amenities</u>				\$	\$	\$
<b>4.11 Other Structures</b>				\$	\$	\$
<b>Sub Totals</b>				\$	\$	\$
TOTAL FACILITY CAPITAL EXPENDITURES (Accessibility compliance costs and environmental remediation costs are not included)						\$

## **2.0 INTRODUCTION**

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### **2.01 PURPOSE AND SCOPE OF SERVICES**

RAH & Associates conducted a walk-through observation of the Savoy Apartments, located at 123 main Street, in Tri city, Illinois on March 15, 2003. This assessment was authorized on March 5, 2007, and performed in general accordance with the proposal dated March 2, 2007.

The purpose of this Property Condition Report is to observe and document readily visible materials and building system defects, which might significantly affect the value of the property, and determine if conditions exist which may have a significant impact on the continued operation of the facility during the evaluation period. **This assessment shall not be used by the developer as his scope of work. It should be viewed as an addendum to the scope of work prepared by the developer's design architect.**

The assessment included a site visit, interviews with property management personnel; inquiries to the local building department, zoning department and fire department; a review of readily available construction documents (drawings and specifications) provided by the property owner; and visual observations of the following systems components: site development, building exterior and interior, building structure, mechanical, electrical and plumbing systems; conveyance systems, life safety/fire protection, and general accessibility compliance.

This report is intended to provide a general overview of the building systems and their overall condition. It has been performed using that degree of skill and care normally exercised by reputable consultants performing similar work. The activities of this assessment included observations of visible and readily accessible areas. The observations were performed without removing or damaging components of the existing building systems. Consequently, certain assumptions have been made regarding conditions and operating performance. Comprehensive studies to identify, document, and evaluate every existing defect or deficiency, were not conducted. In some cases, additional studies may be warranted to fully evaluate concerns noted. In addition, system checks or testing of the equipment in the operating mode is beyond the scope of this assessment.

The observations, findings, and conclusions within this report are based on our professional judgment and information obtained during the course of this assessment. The opinions and recommendations presented herein are based on our observations, evaluation of the information provided, and interviews with personnel familiar with the property and should not be considered design solutions. No calculations have been performed to determine the adequacy of the facility's original design. It is possible that defects and/or deficiencies exist that were not readily accessible or visible. Problems may develop with time, which were not evident at the time of this assessment. The opinions and recommendations in this report should not be construed in anyway to constitute a warranty or guarantee regarding the current or future performance of any system identified.

The representations regarding the status of accessibility requirements is based on visual observation and some physical measuring and, thus, are intended to be a good faith effort to assist the Client by noting nonconforming conditions along with estimates of costs to correct and are not to be considered to be based on a detailed study.

This Report does not confirm the presence or absence of asbestos, PCB's, lead base paints or toxic soils on this property.

The preparer of this report shall at all times be an independent observer and cannot be connected in any other fashion to the project such as the design architect or construction observer.

## **2.02 RELIANCE**

This report was prepared for the use of **Ace Development Company** and the Illinois Housing Development Authority, 401 North Michigan Avenue, Suite 900, Chicago, IL, its successors and/or assigns. This report is expressly and exclusively for the sole use and benefit of the client and the Illinois Housing Development Authority and is not for the use or benefit of, nor may any other person or entity rely upon this report without the advanced written consent of RAH & Associates.

## **2.03 EVALUATION DEFINITIONS**

**Good:** Average to above-average condition for the building system or material assessed, with consideration of its age, design and geographical location. Generally, other than normal maintenance, no work is recommended or required.

**Fair:** Average condition for the building system evaluated. Some work is required or recommended, primarily due to the normal aging and wear of the building system, to return to a good condition.

**Poor:** Below average condition for the building system evaluated. Significant work anticipated returning the building system or material to an acceptable condition.

## **2.04 OPINION OF COST**

The opinion of costs presented is for the repair/replacement of readily visible materials and building system defects that might significantly affect the value of the property during the evaluation period. These opinions are based on approximate quantities and values. They do not constitute a warranty that all items, which may require repair or replacement, are included.

Estimated cost opinions presented in this report are from a combination of sources. The primary sources are from Means Repair and Remodeling Cost Data and Means Facilities Maintenance and Repair Cost Data; past invoices or bid documents provided by site management; as well as the report preparer's experience with costs for similar projects and city cost indexes.

Replacement and Repair Cost estimates are based on approximate quantities. Information furnished by site personnel or the property management, if presented, is assumed by this report preparer to be reliable. A detailed inventory of quantities for cost estimating is not a part of the scope of this Report.

Actual costs may vary depending on such matters as type and design of remedy; quality of materials and installation; manufacturer of the equipment or system selected; field conditions; whether a physical deficiency is repaired or replaced in whole; phasing of the work; quality of the contractor(s); project management exercised; and the availability of time to thoroughly solicit competitive pricing. In view of these limitations, the costs presented herein should be considered "order of magnitude" and used for budgeting purposes only. Detailed design and contractor bidding is recommended to determine actual cost.

These opinions should not be interpreted a design solution, construction bid, an offer to perform the work, or the entire scope of work to be performed. All costs are stated in present value. The recommendations and opinions of cost provided herein are based on the understanding that the facility will continue operating in its present occupancy classification and general quality level unless otherwise stated.

## 2.05 COMMON ABBREVIATIONS

<b>ALEC:</b> Aluminized Emulsion Coating (Roofing)	<b>HP:</b> Horsepower
<b>A/V:</b> Audio Visual Device	<b>HVAC:</b> Heating, Ventilation & Air Conditioning
<b>BLDG:</b> Building	<b>IN:</b> Inches
<b>BOCA:</b> Building Officials & Code Administrators International, Inc.	<b>KVA:</b> Kilo-volt amp
<b>BUR:</b> Built-Up Roof	<b>LF:</b> Linear Feet
<b>CF:</b> Cubic Feet	<b>MEP:</b> Mechanical, Electrical and Plumbing
<b>CIP:</b> Cast Iron Pipe	<b>MP:</b> Manual Pull Station
<b>CMP:</b> Corrugated Metal Pipe	<b>NRA:</b> Net Rentable Area
<b>CMU:</b> Concrete Masonry Units	<b>NO:</b> Number
<b>CY:</b> Cubic Yard	<b>PB:</b> Polybutylene
<b>DX:</b> Direct Expansion	<b>PVC:</b> Poly Vinyl Chloride
<b>EIFS:</b> Exterior Insulating Finish System	<b>RCP:</b> Reinforced Concrete Pipe
<b>EMT:</b> Electrical Metallic Tubing (Conduit)	<b>SBC:</b> Standard Building Code
<b>EPD</b> Ethylene Propylene Diene Monomer	<b>SD:</b> Smoke Detector
<b>M:</b>	<b>SF:</b> Square Feet
<b>F:</b> Fahrenheit	<b>SY:</b> Square Yard
<b>FT:</b> Feet	<b>UBC:</b> Uniform Building Code
<b>GBA:</b> Gross Building Area	<b>VAT:</b> Vinyl Asbestos Tile
<b>HC:</b> Handicap	<b>VAV:</b> Variable Air Volume
<b>HID:</b> High-Intensity Discharge (Lighting)	<b>VWC:</b> Vinyl Wall Covering

### **3.0 GENERAL INFORMATION**

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#### **3.01 GENERAL**

The Savoy Apartments is a 3-story, multi-tenant, apartment complex consisting of five, 3-story buildings, each containing 15, one-bedroom units and 15, two-bedroom units for grand total of 150-units. There is a one, 1-story clubhouse/rental office building and a one, 1-story maintenance building. Parking consists of asphalt-pavement. The architectural treatments of the buildings include face brick exterior walls, with a combination of a concrete-tile pitched roof shingles surrounding a low-sloped elastomeric rubber membrane roof area. The facility appears to be in generally good to fair overall condition for its age, use, and design.

#### **3.02 INTERVIEWS**

The following individuals were interviewed:

<b>Name</b>	<b>Title</b>	<b>Phone Number</b>
Laura Smith	On-site Property Manager	309-674-8927
Proctor Jones	Maintenance Supervisor	309-674-8927
Ralph Pulley	Building & Zoning Department Officer	309-674-9200
Captain Robert Lee	Fire Prevention Bureau	309-674-7290

#### **3.03 PROPERTY INFORMATION**

The site visit portion of this property condition assessment was performed on March 20, 2003, by RAH & Associates. The weather at the time of our observation was clear with temperatures near 60 degrees° Fahrenheit.

<b>Property Name and Address:</b>	
	Savoy Apartments
	123 Main Street
	Tri-City, Illinois
<b>Site Information:</b>	
<b>Surrounding Area:</b>	<i>North:</i> Commercial/Multi-family Residential
	<i>South:</i> Single/Multi-family Residential
	<i>East:</i> Commercial/Multi-family Residential
	<i>West:</i> Commercial/Multi-family Residential
<b>Land Area:</b>	6.5 Acres

<b>Number of Entry Drives:</b>	2
<b>Parking Spaces:</b>	
<i>Standard</i>	98
<i>Handicap</i>	2
<i>Garage Parking</i>	N/A
<i>Total</i>	100
<i>Required</i>	Per current Zoning 150

**Building Classification Information:**

<b>Building Code:</b>	<i>Original Construction:</i>	BOCA - 1984		
	<i>Present:</i>	International Building Code - 2000		
	<i>Code Violations:</i>	None		
<b>Zoning:</b>	R-5			
<b>Compliance with current Zoning Ordinance:</b>	Legal nonconforming use. The R-5 Zoning parking and density regulations have changed. The Zoning Officer reported that if 50% or less of the buildings were destroyed by a disaster, the property could be rebuilt to original configuration. If more than 50% of the buildings are destroyed then the rebuilding of the property would have to comply with the newest ordinance.			
<b>Total Building Area: (SF)</b>	81,000 SF			
<b>Building Coverage:</b>	Approximately 29 percent			
<b>Number of Apartments</b>	<i>Leased</i>	<i>Vacant</i>	<i>Total</i>	
	95	5	100	
<b>Financial Assisted Programs (Section 8, 236 Housing, etc)</b>	50 - 236 Housing Units and 25 - Section 8 Units			
<b>Geographic Information:</b>				
<b>Seismic Zone:</b>	<u>Zone 2B:</u> Moderate probability of damaging ground motion (UBC 1997)			
<b>Proximity to Flood Plain:</b>	<u>Zone B:</u> Area between the 100-year and 500-year flood plain (per FEMA, Panel 1600020011E, August 2, 1996)			



<b>Utility Suppliers:</b>	
<b>Electric:</b>	Illinois Power Company
<b>Water:</b>	City of Tri-City
<b>Storm Sewer</b>	City of Tri-City
<b>Sanitary Sewer:</b>	City of Tri-City
<b>Gas:</b>	NICOR
<b>Telephone:</b>	SBC

### 3.04 BUILDING HISTORY

<b>Date of Completion:</b>	1992	
<b>Date(s) of Major Improvements:</b>	1996, 1999, & 2002 Seal coated and re-striped the parking lot. 2000 Up-graded fire alarm system to meet accessibility standards. 2001 Replaced all appliances & replaced 50% of the roofs	
<b>Status of Occupancy Certificate:</b>	On file with the City	
<b>Current Owner(s):</b>	Tri-City Development, LLC	
<b>Architects:</b>	Unknown	
<b>Structural Engineers:</b>	Unknown	
<b>Mechanical/Electrical Engineers:</b>	Unknown	
<b>Civil Engineers</b>	Unknown	
<b>Building Documents Reviewed:</b>	<i>Drawing(s)</i>	<i>Date</i>
<b>Architectural Drawings</b>	Not available	
<b>MEP Drawings</b>	Not available	
<b>Civil Engineering Drawings</b>	Not available	
<b>Fire protection Drawings</b>	Not available	
<b>A/E Specifications:</b>	Not available	
<b>Geotechnical Soils Report:</b>	Not available	

## 4.0 PROJECT ASSESSMENT

### 4.01 Site Development

401.1 Signage:	
<i>Description:</i> A monument sign at the main entrance provides property identification signage. The sign is suspended between two brick piers and is constructed of wood with painted raised letters. Numbers mounted on the face of building identifies each building.	<i>Observation/Comments:</i> The site signage appeared to be generally in good condition anticipated to require only routine maintenance over the evaluation period.
401.2 Pavement:	
<i>Description:</i> The roadways and parking lot pavement consist of asphaltic concrete. The drawings indicate pavement specifications to be 2-½ inch asphalt over 8 inch compacted (¾ inch minus) gravel, compacted to 95% maximum density.	<i>Observation/Comments:</i> <ul style="list-style-type: none"><li>• The pavement is approximately 17-years old and appeared in good to fair condition, with some cracking observed, primarily along the roadway. The property manager reported that no seal coating has been applied in recent years. It is recommended that crack-sealing, as well as bituminous seal coating and re-applications of pavement markings be completed. <b>Short Term</b></li><li>• Additional bituminous seal coating and re-applications of pavement marking will also be required over the evaluation period. <b>Long Term</b></li></ul>
4.01.3 Curbs:	
<i>Description:</i> The curbs consist of cast-in-place concrete.	<i>Observation/Comments:</i> The curbs appear to be in generally good condition, requiring only routine maintenance over the evaluation period.
4.01.4 Sidewalks:	
<i>Description:</i> The sidewalks from the parking areas to the building entries and along the pedestrian paths are constructed of cast-in-place	<i>Observation/Comments:</i> The sidewalks appear to be in generally good condition, with no significant cracking observed, requiring only routine maintenance.

concrete.

#### 4.01.5 Retaining Walls:

*Description:*

*Observation/Comments:*

Not applicable for this site.

#### 4.01.6 Fencing:

*Description:*

There is a 6-foot high ornamental iron fence spanning between masonry piers along the north and west side of the property.

There is a 4-foot high ornamental iron fence and gate surrounding the swimming pool.

*Observation/Comments:*

- The fence and masonry piers appear to be in good condition. Painting will be required over the evaluation period. The cost for this item is minimal and considered to be part of routine maintenance.
- The swimming pool fence and gate appear to be in good condition. Painting will be required over the evaluation period. The cost for this item is minimal and considered to be part of routine maintenance.

#### 4.01.7 Dumpster Areas:

*Description:*

The dumpsters are located in 4 areas and sit on a concrete pad within a wood board fence enclosure with a metal gate.

*Observation/Comments:*

- The refuse contractor owns the dumpsters.
- The wood enclosures appear to be in fair condition. Replacement should be anticipated over the evaluation period. Long Term

#### 4.01.8 Site Lighting

*Description:*

Pole-mounted HID fixtures located along the driving lanes and in the parking area provide site lighting. Building mounted HID fixtures are spaced along the perimeter walls of the building. Wall mounted incandescent fixtures are mounted at the entrance doors to each building and along side the sliding doors to the patios and balconies.

*Observation/Comments:*

- Lighting was not observed at night, however, based on the amount of fixtures provided and their location, the lighting appeared to be adequate.
- The exterior site lighting appears to be in generally good condition requiring only routine maintenance over the evaluation period
- The building lighting HID and incandescent lighting appears to be in generally good condition requiring only routine maintenance over the evaluation period

#### 4.01.9 Landscaping:

*Description:*

*Observation/Comments:*

<p>The landscaping consists of mature trees, shrubs, and lawns. The lawn and planting areas have an underground irrigation system.</p>	<ul style="list-style-type: none"> <li>• The landscaping appears to be in good condition. Plantings that have died due to winter dye-off will require replacement. The cost for this item is minimal and is considered to be part of routine maintenance.</li> <li>• The irrigation system was reported to be in good condition requiring only routine maintenance over the evaluation period.</li> </ul>
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**4.01.10 Site Drainage:**

<p><i>Description:</i></p> <p>Site storm water from lawns and paved areas appears to drain overland into catch basins located in the parking lots and lawn areas. These catch basins flow via underground piping into an on-site storm water retention area located on the north side of the property.</p>	<p><i>Observation/Comments:</i></p> <p>The drainage system appears to be adequate and is reported to be in good condition requiring only routine maintenance over the evaluation period.</p>
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**4.01.11 Sanitary Sewer:**

<p><i>Description:</i></p> <p>The site sanitary sewer discharges into a municipal sewer main located in Main Street. The civil engineering drawings indicate that the piping material is reinforced concrete. The sanitary sewer service to each building is 4-inch vitrified clay entering the front of the building.</p>	<p><i>Observation/Comments:</i></p> <p>Due to hidden conditions the site sanitary sewer system could not be viewed. The Maintenance Supervisor reported that the system appears to be in good condition and no major problems have been experienced.</p>
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**4.01.12 Lift Stations:**

<p><i>Description:</i></p>	<p><i>Observation/Comments:</i></p> <p>Not applicable to this project.</p>
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**4.01.13 Domestic Water:**

<p><i>Description:</i></p> <p>The 8-inch municipal water main located in Main Street supplies the on-site water lines. The property's water distribution system consists of 6-inch ductile iron pipe located in the main roadways on the property. The system is looped. The water service to each building consists of 1.5-inch copper entering the building in the front</p>	<p><i>Observation/Comments:</i></p> <ul style="list-style-type: none"> <li>• Due to hidden conditions the site domestic water system could not be viewed. The Maintenance Supervisor reported that the system appears to be in good condition and no major problems have been experienced.</li> </ul>
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The water meters are located in a concrete vault adjacent to each building.	
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## 4.02 BUILDING STRUCTURE

### 4.02.1 Geotechnical:

<i>Description:</i>	<i>Observation/Comments:</i>
	Geotechnical information was not provided for review.

### 4.02.2 Foundation:

<i>Description:</i>	<i>Observation/Comments:</i>
The foundation system is indicated on the drawings to consist of cast-in-place concrete perimeter stem wall bearing on reinforced concrete spread footings around the exterior walls, and individual cast-in-place reinforced concrete pads at exterior and interior column locations.	Due to hidden conditions, the footings could not be evaluated. The foundation walls were open for limited evaluation. No cracking or other instability of the system was observed.

### 4.02.3 Slab:

<i>Description:</i>	<i>Observation/Comments:</i>
The first floor typically consists of a four-inch poured-in-place, reinforced concrete slab bearing on two-inch leveling sand over 6-mill vapor barrier and six-inch compacted gravel.	Observed floors appeared to be level and stable. No significant sign of deflection or movement was observed.

### 4.02.4 Superstructure:

<i>Description:</i>	<i>Observation/Comments:</i>
The exterior walls consist of load-bearing wood stud framing with interior steel columns and wood floor trusses supporting the upper floor. The roof framing consists of manufactured wood trusses and OSB sheathing.	The superstructure appeared to be in generally good condition. No evidence of structural instability was observed.

### 4.02.5 Floor Framing:

<i>Description:</i>	<i>Observation/Comments:</i>
The upper floor is constructed with manufactured wood truss joists supporting the plywood floor deck and lightweight concrete floor fill.	Sign of deflection and movement in the floors were not observed indicating that the floor framing was stable.

#### 4.02.6 Roof Framing:

<i>Description:</i>	<i>Observation/Comments:</i>
The roof is constructed with manufactured wood truss spaced at approximately 24-inches center-to-center supporting the plywood floor deck and lightweight concrete floor fill.	<ul style="list-style-type: none"><li>• Sign of deflection and movement in the roof framing were not observed indicating that the roof framing was stable.</li><li>• Fire retardant plywood sheathing was not observed.</li></ul>

### 4.03 BUILDING EXTERIOR

#### 4.03.1 Wall Assembly/Finish:

<i>Description:</i>	<i>Observation/Comments:</i>
<p>The exterior walls are constructed of brick veneer over CDX plywood sheathing and 2 x 4 wood stud framing with R-11 fiberglass batt insulation.</p> <p>T-1-11 spandrel panels are located above and below the bedroom windows on all four sides of the building.</p>	<ul style="list-style-type: none"><li>• The exterior brick walls appeared to be in good condition. No evidence of spalling, cracking, or efflorescence was observed.</li><li>• The T-1-11 wood siding is in fair condition. Replacement of damaged areas and painting will be required within the first year. <b>Short Term</b></li></ul>

#### 4.03.2 Windows; Glass/Glazing:

<i>Description:</i>	<i>Observation/Comments:</i>
The building's windows consist of double-glazed sliding units, set in anodized aluminum frames.	<ul style="list-style-type: none"><li>• The windows appear to be in fair to poor condition. Thirty windows require immediate replacement required. <b>Critical Repair.</b></li><li>• The double pane glass appeared to be in generally good condition. The seals in fourteen units appear to be broken requiring immediate replacement. <b>Critical Repair</b></li></ul>

#### 4.03.3 Exterior Doors:

<i>Description:</i>	<i>Observation/Comments:</i>
<p>The main entrance doors to each building consist of full-glass panels set in aluminum frame.</p> <p>The rear exterior doors are insulated metal doors with a 10-inch x 10-inch vision panel. The exterior service doors are insulated</p>	<ul style="list-style-type: none"><li>• The exterior main entrance doors appeared to be in generally good condition.</li><li>• The exterior insulated metal service doors appear to be in good condition. Scraping and painting will be required over the evaluation period. The cost for this item is minimal and</li></ul>

metal doors	is considered to be part of routine maintenance.
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#### 4.03.4 Sealant:

<i>Description:</i>	<i>Observation/Comments:</i>
Elastomeric type sealant material is applied around areas around windows, doors, and expansion joints.	Observed sealant appears to be dried-out and in poor condition requiring immediate replacement. <b>Critical Repair</b>

#### 4.03.5 Exterior Stairs:

<i>Description:</i>	<i>Observation/Comments:</i>
The exterior stairs are constructed of concrete fill metal pans with steel stringers and metal handrails.	The exterior stairs appear to be in good condition. Scraping and painting will be required over the evaluation period. <b>Long Term</b>

#### 4.03.6 Roofing:

<i>Description:</i>	<i>Observation/Comments:</i>
The building has a pitched roofing system consisting of asphalt shingles over roofing felts. The roof drainage consists of metal gutters and downspouts emptying on concrete splash blocks.	<ul style="list-style-type: none"> <li>• The asphalt shingle roofing is 7-years old and appears to be in good condition Based on its EUL of 15 to 20 years, roof replacement is not anticipated over the evaluation period.</li> <li>• A roof warranty was not available.</li> <li>• The roof drainage appears to be adequate and in good condition requiring only routine maintenance over the evaluation period.</li> </ul>

#### 4.03.7 Skylights:

<i>Description:</i>	<i>Observation/Comments:</i>
	Not applicable for this project.

#### 4.03.8 Patios & Balconies:

<i>Description:</i>	<i>Observation/Comments:</i>
<p>The ground-level patios are cast-in-place reinforced concrete slabs-on-grade.</p> <p>The upper level balcony framing consists of pressure-treated wood joists cantilevered off of the building framing. The balcony decks are 2-inch x 6-inch pressure-treated wood open slat boards.</p>	<ul style="list-style-type: none"> <li>• The ground-level patio slabs appear to be in good condition with limited signs of movement and minor cracking. Repairs are minor and considered to be routine maintenance.</li> <li>• The upper level balconies appeared to be in good condition. Painting will be required over the evaluation period. <b>Long Term</b></li> </ul>

The balcony guardrails are metal.

#### 4.04 BUILDING INTERIOR

##### 4.04.1 Dwelling Units:

To establish a representative sample and gain a clear understanding of the overall property condition, Approximately ten percent of the apartment units were observed in order n. The property has a total of 100 units.

Unit Type	Total
One-bedroom, one-bath	25
Two-bedroom, one-bath	50
Two-bedroom, two-baths	0
Three-bedroom, two-baths	25
Three-bedroom, two and one-half-baths	0
Total number of units	100

The following apartments were observed while on-site:

Unit Number	Unit Type	Status
123	One-bedroom, one-bath	Vacant
156	Two-bedroom, one-bath	Occupied
289	Two-bedroom, two-bath	Occupied
345	Three-bedroom, two-bath	Occupied
456	Three-bedroom, two-bath	Vacant – Handicapped Accessible

##### 4.04.2 Common Area Interior Finishes:

###### Common Area Stairs:

###### Description:

The Interior stairs consist of closed risers, wood tread units with carpet finish.  
The handrails are constructed of ornamental iron with wood top rails.

###### Observation/Comments:

- The interior stairs appear to be in generally good condition and are anticipated to require only routine maintenance over the evaluation period.
- The interior stair carpet is three years old and appears to be in fair condition. The EUL of the carpet indicates that replacement will be anticipated during the evaluation period.

###### Long Term



<b>Common Area Doors:</b>		
<i>Description:</i>	<i>Observation/Comments:</i>	
The Interior common area doors and apartment entrance doors are typically solid-core doors set in metal frames.	The common area doors appear to be in good condition. Replacement, if required, is considered to be part of routine maintenance.	
<b>Corridors:</b>		
<i>Floor:</i>	Carpet	The carpeting is 9-years old and appears to be in poor condition requiring immediate replacement. <b>Critical Need</b>
<i>Walls:</i>	Painted Drywall	The walls appear to be in poor condition. Immediate repair and painting is required. <b>Critical Need</b>
<i>Ceiling:</i>	Painted drywall	The walls appear to be in poor condition. Immediate repair and painting is required. <b>Critical Need</b>
<b>Clubhouse/Rental Office</b>		
<b>Foyer</b>		
<i>Floor:</i>	Ceramic tile	The ceramic tile original and appears to be in good condition requiring only routine maintenance over the evaluation period.
<i>Walls:</i>	Painted drywall	The walls appear to be in good condition. Painting is recommended over the evaluation period. <b>Long Term</b>
<i>Ceiling:</i>	2X4 suspended ceiling panels	The ceiling is original and appears to be in good condition requiring only routine maintenance over the evaluation period.
<b>Clubroom</b>		
<i>Floor:</i>	Carpet	The carpeting is 5-years old and appears to be in fair condition requiring replacement over the evaluation period. <b>Long Term</b>
<i>Walls:</i>	Painted drywall	The walls appear to be in good condition. Painting is recommended over the evaluation period. <b>Long Term</b>
<i>Ceiling:</i>	Painted drywall	The ceiling appears to be in good condition. Painting is recommended over the evaluation period. <b>Long Term</b>

<b>Rental Office</b>		
<i>Floor:</i>	Carpet	The carpeting is 5-years old and appears to be in fair condition requiring replacement over the evaluation period. <b>Long Term</b>
<i>Walls:</i>	Painted drywall/Wall covering	The walls appear to be in good condition. Painting is recommended over the evaluation period. <b>Long Term</b>  The walls that are covered with wall covering appear to be in poor condition requiring immediate replacement. <b>Critical need</b>
<i>Ceiling:</i>	2X4 suspended ceiling panels	The ceiling is original and appears to be in good condition requiring only routine maintenance over the evaluation period.
<b>Health Club</b>		
<i>Floor:</i>	Carpet	The carpeting is 5-years old and appears to be in fair condition requiring replacement over the evaluation period. <b>Long Term</b>
<i>Walls:</i>	Painted drywall	The walls appear to be in good condition. Painting is recommended over the evaluation period. <b>Long Term</b>
<i>Ceiling:</i>	2X4 suspended ceiling panels	The ceiling is original and appears to be in good condition requiring only routine maintenance over the evaluation period.
<b>Washrooms</b>		
<i>Floor:</i>	Vinyl tile	The flooring is original and appears to be in good condition requiring only routine maintenance over the evaluation period.
<i>Walls:</i>	Ceramic tile/Painted drywall	The ceramic tile is original and appears to be in good requiring only routine maintenance over the evaluation period.  The drywall walls appear to be in good condition. Painting is recommended over the evaluation period. <b>Long Term</b>
<i>Ceiling:</i>	Painted drywall	The ceiling appears to be in good condition. Painting is recommended over the evaluation period. <b>Long Term</b>

<b>Kitchen</b>		
<i>Floor:</i>	Quarry tile	The flooring is original and appears to be in good condition requiring only routine maintenance over the evaluation period.
<i>Walls:</i>	Washable wall covering	The walls appear to be in good condition requiring only routine maintenance over the evaluation period
<i>Ceiling:</i>	2X4 suspended washable ceiling panels	The ceiling is original and appears to be in good condition requiring only routine maintenance over the evaluation period.
<b>Laundry</b>		
<i>Floor:</i>	Vinyl tile	The flooring is original and appears to be in good condition requiring only routine maintenance over the evaluation period.
<i>Walls:</i>	Painted drywall	The walls appear to be in good condition requiring only routine maintenance over the evaluation period
<i>Ceiling:</i>	2X4 suspended ceiling panels	The ceiling is original and appears to be in good condition requiring only routine maintenance over the evaluation period.
<b>Pool Equipment Room</b>		
<i>Floor:</i>	Exposed concrete	The flooring is original and appears to be in good condition requiring only routine maintenance over the evaluation period.
<i>Walls:</i>	Drywall	The walls appear to be in good condition requiring only routine maintenance over the evaluation period
<i>Ceiling:</i>	Drywall	The ceiling is original and appears to be in good condition requiring only routine maintenance over the evaluation period.
<b>4.04.3 Apartment Building Finishes</b>		
<i>Description:</i>		<i>Observation/Comment</i>
<b>Living Room/Dining Room</b>		
<i>Floor:</i>	Carpet	The EUL of the carpet indicates that replacement will be anticipated during the evaluation period. <b>Critical Need, Immediate Need &amp; Long term</b>
<i>Walls:</i>	Painted drywall	The walls and ceiling appear to be in good condition. Painting is done at tenant turnover and is considered part of routine maintenance.
<i>Ceiling:</i>	Painted drywall	
<b>Kitchen</b>		

<i>Floor:</i>	Vinyl tile	The EUL of the vinyl tile indicates that replacement will be anticipated during the evaluation period. <b>Long Term.</b>
<i>Walls:</i>	Painted drywall	The walls and ceiling appear to be in good condition. Painting is done at tenant turnover and is considered part of routine maintenance.
<i>Ceiling:</i>	Painted drywall	
<i>Cabinets:</i>	Wood	The cabinets are original and appear to be in good to fair condition requiring some replacement during the evaluation period. <b>Critical Need &amp; Immediate Need.</b>
<i>Countertop</i>	Laminated Plastic	The countertops are original and appear to be in good to fair condition requiring some replacement during the evaluation period. <b>Critical Need &amp; Immediate Need.</b>

### **Bathroom**

<i>Floor:</i>	Vinyl Tile	The EUL of the vinyl tile indicates that replacement will be anticipated during the evaluation period. <b>Long Term.</b>
<i>Walls:</i>	Painted drywall	The walls and ceiling appear to be in good condition. Painting is done at tenant turnover and is considered part of routine maintenance.
<i>Ceiling:</i>	Painted drywall	
<i>Tub/Shower:</i>	Ceramic tile	The tub surrounds appear to be in fair condition requiring some replacement, Critical need & Immediate Need.
<i>Vanity:</i>	Wood	The cabinets are original and appear to be in good to fair condition requiring some replacement during the evaluation period. <b>Critical Need &amp; Immediate Need.</b>

### **Bedroom**

<i>Floor:</i>	Carpet	The EUL of the carpet indicates that replacement will be anticipated during the evaluation period. <b>Critical Need, Immediate Need &amp; Long term</b>
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<i>Walls:</i>	Painted drywall	The walls and ceiling appear to be in good condition. Painting is done at tenant turnover and is considered part of routine maintenance.
<i>Ceiling:</i>	Painted drywall	

<b>Utility Room</b>		
<i>Floor:</i>	Vinyl tile	The flooring appears to be in good condition requiring only routine maintenance over the evaluation period.
<i>Walls:</i>	Painted drywall	The walls and ceiling appear to be in good condition. Painting is done at tenant turnover and is considered part of routine maintenance.
<i>Ceiling:</i>	Painted drywall	

#### 4.04.4 Appliances:

<i>Description:</i>			<i>Observation/Comment</i>
<i>Appliance</i>	<i>Age Range</i>	<i>Number of Replacements Required</i>	The appliances are generally original but some replacement has occurred. They appear to be in generally good condition. The remaining useful life indicates that replacement of some of these units will be anticipated during the evaluation period. <b>Critical Need, Immediate Need &amp; Long Term</b>
<i>Refrigerator:</i>	1 to 18	23	
<i>Appliance</i>	<i>Age Range</i>	<i>Number of Replacements Required</i>	The appliances are generally original but some replacement has occurred. They appear to be in generally good condition. The remaining useful life indicates that replacement of some of these units will be anticipated during the evaluation period. <b>Critical Need, Immediate Need &amp; Long Term</b>
<i>Refrigerator:</i>	1 to 18	23	
<i>Range:</i>	2 to 20	35	
<i>Hood:</i>	2 to 20	35	
<i>Dishwasher:</i>	1 to 15	26	
<i>Microwave:</i>	N/A		

#### 4.04.5 Doors:

<i>Description:</i>	<i>Observation/Comments:</i>
<p>The apartment entrance doors are typically solid-core doors set in metal frames.</p> <p>The interior doors within the apartments are typically hollow-core doors set in wood frames.</p>	<ul style="list-style-type: none"> <li>• The common area doors and the apartment entrance doors appear to be in good condition. Replacement, if required, is considered to be part of routine maintenance.</li> <li>• The hollow-core doors within the apartment appear to be in good condition. Replacement, if required, is considered to be part of routine maintenance.</li> </ul>

4.04.6 Interior Stairs:	
<i>Description:</i>	<i>Observation/Comments:</i>
<p>The common area interior stairs consist of closed risers, wood tread units with carpet finish.</p> <p>The handrails are constructed of ornamental iron with wood top rails.</p>	<ul style="list-style-type: none"> <li>• The common area interior stairs appear to be in generally good condition and are anticipated to require only routine maintenance over the evaluation period.</li> <li>• The common area interior stair carpet is three years old and appears to be in fair condition. The EUL of the carpet indicates that replacement will be anticipated during the evaluation period. <b>Long Term</b></li> </ul>
4.04.7 Corridors:	
<i>Description:</i>	<i>Observation/Comments:</i>
<p>The Interior common corridor finish consists of carpet floors, painted drywall walls and ceilings.</p>	<ul style="list-style-type: none"> <li>• The interior common corridor carpet is three years old and appears to be in fair condition. The EUL of common area corridor carpet indicates that replacement of the common corridor and stair carpet will be required. <b>Long Term</b></li> <li>• The interior corridor and stairway walls and ceilings appear to be in fair condition and will require painting during the evaluation period. Long Term</li> </ul>

## 4.05 MECHANICAL SYSTEM

4.05.1 Heating/Cooling:	
<i>Description:</i>	<i>Observation/Comments:</i>
<p>Heating and cooling for the typical apartment is provided individual, gas-fired, furnaces with split air-conditioning. The furnace is located in the utility closet along with the water heater. The condensing unit is located on a concrete pad on the exterior of the building. The cooling capacity of the units ranges from 1 Ton to 2½ Tons.</p>	<ul style="list-style-type: none"> <li>• The furnaces are reported to be original and in operating condition. The EUL for these units is approximately 15-years. Replacement of these units will be anticipated over the evaluation period. <b>Long Term</b></li> <li>• The condensing units are reported to range in age from 1-year to 12-years. Approximately 20% of the units are less than 5-years old. The EUL for these units is approximately 15-years. Replacement of 80% units will be anticipated over the evaluation period. <b>Long Term</b></li> </ul>

#### 4.05.2 Ductwork:

<i>Description:</i>	<i>Observation/Comments:</i>
Supply air distribution is provided through sheet metal ductwork. Return air is through a wall grille at the base of the utility closet. Electric wall-mounted thermostats control the temperature in each unit.	<ul style="list-style-type: none"><li>• Observation of the ductwork was limited to the furnace closet. It was reported by the Maintenance Supervisor that the ductwork is in good condition and no problems have been experienced with the system</li><li>• Electric wall-mounted thermostats were reported to be in good condition. Replacement is anticipated on an as needed basis. The cost for this item is minimal and considered to be part of routine maintenance.</li></ul>

#### 4.05.3 Ventilation:

<i>Description:</i>	<i>Observation/Comments:</i>
Powered exhaust fans that discharges typically through the roof exhaust the bathrooms. Air from the typical kitchen is exhausted to the exterior by ductwork from the range hood.	<ul style="list-style-type: none"><li>• The bathroom exhaust system appears to be operational and in good condition. Fan replacement is done on an as needed basis and is considered to be part of routine maintenance</li><li>• The kitchen exhaust system appears to be operational and in good condition. Fan replacement is done on an as needed basis and is considered to be part of routine maintenance.</li></ul>

#### 4.05.4 Energy Management:

<i>Description:</i>	<i>Observation/Comments:</i>
	Not applicable to this project.

### 4.06 ELECTRICAL SYSTEM

#### 4.06.1 Distribution:

<i>Description:</i>	<i>Observation/Comments:</i>
The electric service to the building is run underground from a pad-mounted utility company transformer located on the exterior of the building. The electrical service is rated at 600 Amps, 120/208 volt, three-phase, four-wire. The electric service to each apartment circuit breaker panel is rated at 100 amps. Branch distribution wiring was observed to be copper in metal raceway. The main distribution panel with the electric	<ul style="list-style-type: none"><li>• The electric service to the building and to each apartment appears to be adequate.</li><li>• The main distribution panels, meter banks, and circuit breaker panels appear to be in good condition requiring only routine maintenance.</li><li>• The copper wiring was reported to be in good condition and no major problems have occurred.</li></ul>

<p>meters and disconnect switches, are located on the exterior wall of the building. Each apartment is metered separately.</p>	
<p><b>4.06.2 Transformer:</b></p>	
<p><i>Description:</i></p> <p>There are four pad mounted at this site.</p>	<p><i>Observation/Comments:</i></p> <p>The pad-mounted transformer is owned and maintained by the local power company.</p>
<p><b>4.06.3 Emergency Generator:</b></p>	
<p><i>Description:</i></p>	<p><i>Observation/Comments:</i></p> <p>Not applicable for this property.</p>
<p><b>4.06.4 Lighting:</b></p>	
<p><i>Description:</i></p> <p>Interior lighting in the apartments and the common areas are standard incandescent residential grade fixtures commonly used for this type of building.</p>	<p><i>Observation/Comments:</i></p> <p>The lighting appears to be in good condition. Replacement is done on an as needed basis and is considered part of routine maintenance.</p>
<p><b>4.07 BUILDING PLUMBING SYSTEM</b></p>	
<p><b>4.07.1 Sanitary System:</b></p>	
<p><i>Description:</i></p> <p>The soil, waste, and vent system within the building is reported to be cast iron.</p>	<p><i>Observation/Comments:</i></p> <p>The Maintenance Supervisor reported that the plumbing system is in good operating condition. Minor problems such as clogged drains are anticipated over the evaluation period and are considered part of routine maintenance.</p>
<p><b>4.07.2 Water Supply:</b></p>	
<p><i>Description:</i></p> <p>The domestic water service to the building is observed to be 1-1/2-inch copper entering the building on the ground floor. The water piping within the building is observed to be copper.</p> <p>The water meter for each building is located in an exterior concrete vault located adjacent the building.</p>	<p><i>Observation/Comments:</i></p> <ul style="list-style-type: none"> <li>• The building's water distribution systems appears to be well maintained and in generally good condition. The Maintenance Supervisor reported no major problems. Minor problems with the system. Minor problems, such as the repair of leaking faucets, are considered to be part of routine maintenance.</li> <li>• The Maintenance Supervisor reported that the water pressure and quantity appears to be adequate.</li> </ul>
<p><b>3.07.3 Water Heaters:</b></p>	



<p><i>Description:</i></p> <p>A 40-gallon gas-fired water heater located in the utility closet in each apartment supplies the hot water needs for that apartment</p> <p>There is an 80-gallon, gas-fired, water heater located in the closet of the laundry that supplies the hot water needs for the laundry.</p>	<p><i>Observation/Comments:</i></p> <ul style="list-style-type: none"> <li>• Sixty percent of the 40-gallon water heaters were reported to be original and in good working condition. However, based on their EUL of 15 years, replacement of these units will be anticipated during the evaluation period. <b>Long Term</b></li> <li>• The 80-gallon water heater located in the laundry is 2-years old and appears to be in good operating condition.</li> </ul>
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#### 4.07.4 Fixtures:

<p><i>Description:</i></p> <p>The plumbing fixtures are standard type for this type of application.</p>	<p><i>Observation/Comments:</i></p> <p>The plumbing fixtures are reported to be in good condition. Replacement is done on an as needed basis and considered to be part of routine maintenance.</p>
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#### 4.07.5 Natural Gas:

<p><i>Description:</i></p> <p>The building's gas service is a steel pipe service entering the front of the building. The gas piping within the building is reported to be steel. The gas meter is located on the exterior wall of the building.</p>	<p><i>Observation/Comments:</i></p> <p>The gas pressure and quantity was reported to be adequate.</p>
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### 4.08 CONVEYANCE SYSTEM

#### 4.08.1 Elevators:

<p><i>Description:</i></p> <p>The property has two hydraulic passenger elevator, providing access to all floors of the building. The elevator was manufactured by Dover Elevator Company and is serviced by ABC Elevator Company. The elevator has a rated capacity of 2,500 pounds.</p> <p>The elevator machinery is located in a room under the stairs.</p> <p>The cab finish consists of a vinyl tile floor, plastic laminate wall panel walls, and incandescent recessed lighting in a drywall ceiling.</p>	<p><i>Observation/Comments:</i></p> <ul style="list-style-type: none"> <li>• The elevator is the original installation. ADA up-grades were completed in May of 1996. The elevator was last serviced in August 2001.</li> <li>• The number of elevators and the responsiveness was reported to provide adequate service for the building.</li> <li>• The elevator service contractor reported that the machine unit for both elevators are original and appear to be in good condition.</li> <li>• The cab finish is 5 years old and appears to be in good condition. Cab refinishing should be anticipated within the next 7-years. <b>Long Term</b></li> </ul>
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## 4.09 LIFE SAFETY/FIRE PROTECTION

### 4.09.1 Sprinklers/Siamese/Standpipes:

<i>Description:</i>	<i>Observation/Comments:</i>
<p>The sprinkler system consists of a wet-pipe sprinkler system and a wet standpipe with fire department hose valves and connections on the floor landings in each stair tower. There is a Siamese connection on the exterior of the building, and The firewater service enters the building in the fire protection equipment room on the first floor along with the domestic water main. There is a fire pump rated at XXX gpm and a back flow preventer for the system.</p>	<ul style="list-style-type: none"><li>• The sprinkler system is serviced and inspected periodically by the sprinkler service contractor. The last inspection September 2001. The inspection reports indicate that the system appears to be functional and in good condition.</li><li>• The fire pump and backflow preventer are tested and inspected at the time the sprinkler system is inspected and the records indicate that the fire pump and the backflow preventer are functional and in good condition.</li></ul>

### 4.09.2 Fire Hydrants:

<i>Description:</i>	<i>Observation/Comments:</i>
<p>On-site fire hydrants located along the roadways and on islands in the various parking lots.</p>	<p>The fire hydrants are serviced annually by the local fire department.</p>

### 4.09.3 Emergency & Exit Lighting:

<i>Description:</i>	<i>Observation/Comments:</i>
<p>The building is equipped with battery-pack emergency lights along the corridors and in the stairways. Battery back-up exit lights are located above all required exit doors.</p>	<p>The exit lights and emergency lights appear to be in good condition. The EUL indicates that replacement should be anticipated over the evaluation period. The cost for fixture and battery replacement is minimal and considered to be part of routine maintenance.</p>

### 4.09.4 Fire Alarm System:

<i>Description:</i>	<i>Observation/Comments:</i>
<p>The typical building is equipped with a fire alarm consisting of a control panel located in the sprinkler equipment, room pull stations and horns with strobes located along the path of exit travel, one enunciator panel located in the main lobby, and smoke detectors located in the common areas</p>	<ul style="list-style-type: none"><li>• A fire alarm service contractor inspects services the fire alarm system periodically. The system was last inspected and tested in August 2001 and the no deficiencies were cited. The results were forwarded to the local fire department .The system appears to be functional and in good condition requiring only routine maintenance over the evaluation</li></ul>

	<p>period.</p> <ul style="list-style-type: none"> <li>• ADT monitors the fire alarm system and notifies the local fire department in the event of an incident.</li> </ul>
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**4.09.5 Smoke detectors:**

<i>Description:</i>	<i>Observation/Comments:</i>
Smoke detectors were observed in each apartment and in the common areas.	<ul style="list-style-type: none"> <li>• The apartment smoke detectors located in the apartments are wired into the apartment's electrical panel and sounds the alarm in the apartment only.</li> <li>• The common area smoke detectors are wired into the building's fire alarm system. They sound the alarm in the building and notify ADT when activated.</li> </ul>

**4.09.6 Fire Extinguishers:**

<i>Description:</i>	<i>Observation/Comments:</i>
Type ABC fire extinguishers are located in various areas within the tenant spaces.	A fire extinguisher contractor services the fire extinguishers. The tag indicates that they were last serviced in August 2001.

**4.09.7 Smoke Evacuation:**

<i>Description:</i>	<i>Observation/Comments:</i>
	Not applicable to this site.

**4.10 AMENITIES**

**4.10.1 Swimming Pool:**

<i>Description:</i>	<i>Observation/Comments:</i>
The property has one in-ground outdoor pool swimming pool adjacent to the clubhouse/rental office. The swimming pool is constructed of concrete with ceramic tile at the water line. It has a concrete coping and a concrete walking surface surrounding the pool.	<ul style="list-style-type: none"> <li>• The swimming pool appeared to be in good condition, anticipated to require only routine maintenance such as preparing and painting the pool interior surface. Relining should not be expected over the evaluation period.</li> <li>• The concrete walking surface surrounding appears to be in good condition. Minor cracking was observed. Repairs are minor and considered to be part of routine maintenance.</li> </ul>

**4.10.2 Swimming Pool Equipment:**

<i>Description:</i>	<i>Observation/Comments:</i>
The swimming pool equipment is located in the clubhouse building adjacent to the pool. The equipment consists of water filters and circulating pumps. The pool water is heated. The pool water heater is gas-fired and located in the same room as the balance of the pool equipment.	<ul style="list-style-type: none"><li>• The pool equipment appeared to be in good to fair condition. According to its EUL, the pool equipment will need to be replaced during the evaluation period.</li><li>• The water is new and appears to be in good condition anticipated to require only routine maintenance over the evaluation period.</li></ul>

**4.10.3 Children’s Play Area:**

<i>Description:</i>	<i>Observation/Comments:</i>
There is a children’s play area located in the northeast corner of the property. The equipment consists wood climbing apparatus, one slide, three swings, and a sand box.	The play equipment is reported to be 3-years old and appears to be well maintained and in good condition requiring only routine maintenance over the evaluation period.

**4.11 OTHER STRUCTURES**

**4.11.1 Clubhouse/Rental Office:**

<i>Description:</i>	<i>Observation/Comments:</i>
The clubhouse building, which houses the rental office, public restrooms with showers and lockers, health club, pool equipment, club room and kitchen, is constructed of materials similar to the apartment buildings. See Section 7.0, Building Architectural and Structural Systems for details.	The clubhouse appears to be in good condition. Interior floor and wall finish replacement will be required over the evaluation period as well as exterior wall finish. The cost of this work is included in the common area carpet and wall finish replacement costs.

**4.11.2 Carports:**

<i>Description:</i>	<i>Observation/Comments:</i>
	There are no carports at this site,

**4.11.3 Garages:**

<i>Description:</i>	<i>Observation/Comments:</i>
The 20 single-car garages are constructed with vinyl siding attached to 2-inch x 4-inch wood stud walls. The roofs are constructed with manufactured wood trusses and covered asphalt shingles attached and OSB sheathing. There is one, 8-foot x 7-foot vinyl overhead door with an electronic opener. There is one incandescent overhead light fixture in the unit.	<ul style="list-style-type: none"><li>• The garages are original and appear to be in fair condition. Sections of damaged siding were observed requiring replacement. <b>Short term</b></li><li>• The roofs are reported to be 3-years old and appear to be in good condition requiring only routine maintenance over the evaluation period.</li></ul>

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|--|---|
|  | <ul style="list-style-type: none"><li>• The overhead doors appear to be original and in fair condition. Three have been replaced within the last three years. It should be anticipated that the balance would require replacement over the evaluation period.</li></ul> <p><b>Long Term</b></p> |
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## **5.0 TERMITE CONSIDERATIONS**

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To the best knowledge of the property manager, termite activity has not been reported at the property; however, no inspections have been performed. The foundation walls of the building are constructed with materials not conducive to termite infiltration. However, exterior walls are constructed of materials that may be conducive to termite infiltration. The facility is located in a region where termites are known to exist. Consequently, the risk of termite activity is considered moderate to high; therefore, a termite inspection is recommended

## **6.0 ACCESSIBILITY CODE COMPLIANCE**

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One or more of the following accessibility codes may be applicable to the development:

### **THE ILLINOIS ACCESSIBILITY CODE**

The purpose of this Illinois Accessibility Code (IAC or Code) is to implement the Environmental Barriers Act (EBA) [410 ILCS 25] as amended to date, and to replace the former version of the Code (71 Ill. Adm. Code 400) effective May 1, 1988. This Code is intended to ensure that the built environment, including all spaces and elements of all applicable buildings and facilities in the State of Illinois are so designed, constructed, and/or altered to assure the safety and welfare of all members of society and to be readily accessible to, and usable by, environmentally limited persons.

This Code is also intended to resolve areas of difference between the federal accessibility standards, Americans with Disabilities Act Accessibility Guidelines (ADAAG), which are applicable to buildings and facilities covered by the Americans with Disabilities Act (ADA), and

the Illinois accessibility standards, IAC, which are applicable to buildings and facilities in the State of Illinois covered by the EBA. The drafters of this Code compared and adopted the stricter of State or federal accessible design standards.

This Code, together with the Environmental Barriers Act (EBA) and the standards incorporated by reference identified in Section 400.120, has the force of a building code and as such is law in the State of Illinois.

### **Applicability**

- Buildings and facilities covered: This Code applies to all “**public facilities**” and “Multi-story housing units” as defined and governed by the EBA and located, in whole or in part, within the legal geographic boundaries of the State of Illinois, unless specifically exempted herein. **It also applies to all buildings financed whole or in part or guaranteed by a governmental unit such as the Illinois Housing Development Authority.**
- The fact that a building or facility governed by the EBA is also a facility financed by federal funds is no bar to the application of this Code.
- This Code is applicable when work involving new construction, alterations, additions, historic preservation, restoration, or reconstruction in whole or in part begins after the effective date of this Code. The Code becomes enforceable with the signing of a construction contract, issuance of an official authorization or permit for construction, or the start of construction, whichever occurs first.

This report generally defines the non-compliant elements and physical barriers observed and the estimated costs for modification to provide compliance. This review is not considered to be a full accessibility survey, nor does it likely cover all aspects of non-compliance.

### **Definitions:**

**"Alteration"**: Any modification or renovation that affects or could affect the usability of the building or facility or part of the building or facility. Alteration includes, but is not limited to, remodeling, renovation, rehabilitation, reconstruction, historic preservation, historic reconstruction, historic restoration (as separately required in Section 400.610), changes or rearrangement of the structural parts or elements, extraordinary repairs (as defined herein), changes to or replacement of plumbing fixtures or controls, changes or rearrangement in the plan configuration of walls and full-height partitions, and changes or improvements to parking lots (as separately required in Section 400.510 (e) 10) (C)). **The following work is not considered to be an alteration unless it affects the usability of the building or facility: normal maintenance, re-roofing, interior or exterior redecoration, changes to mechanical and electrical systems, replacement of plumbing, piping or valves, asbestos removal, or installation of fire sprinkler systems. (Section 3, EBA).**

**"Public Facility"**: *Any building, structure, or site improvement which is: owned by or on behalf of a governmental unit; leased, rented or used, in whole or in part, by a governmental unit, or financed, in whole or in part, by a grant or a loan made or guaranteed by a governmental*

*unit; or any building, structure, or site improvement used or held out for use or intended for use by the public or by employees for one or more of, but not limited to, the following: the purpose of gathering, recreation, transient lodging, education, employment, institutional care, or the purchase, rental, sale or acquisition of any goods, personal property or services; places of public display or collection; social service establishments; and stations used for specified public transportation. (Section 3, EBA).*

**"Technically Infeasible":** With respect to an alteration of a building or a facility, a change that has little likelihood of being accomplished because existing structural conditions would require removing or altering a load-bearing member, which is an essential part of the structural frame; or because other existing physical or site constraints prohibit modification or addition of elements, spaces or features which are in full and strict compliance with the minimum requirements for new construction and which are necessary to provide accessibility. (ADAAG 4.1.6)

### **Alteration Work**

**Section 400.510a)** of the Illinois Accessibility Code requires Alterations (as defined in Section 400.210(b)(11)) to existing public facilities to which the Environmental Barriers Act and this Code apply shall be accessible as provided in this Section.

The preparer of this report shall use the developers scope of work and the contractor's or architect's detailed cost estimate to determine which of the following applications apply in determining the level of accessibility required. See the example below.

**Example:** The **Contractor's Sworn Statement** indicates that total cost of the construction work will be \$1,500,000.00. The work **not** considered as alternation work as defined in the Code, such as roofing, new carpeting, and painting and decorating, totals \$100,000.00. The alternation cost is \$1,500,000.00 - \$100,000.00 = \$1,400,000.00. The reproduction cost of the project is determined to be \$5,000,000.00 (\$130.00/SF)

The percentage is  $\$1,400,000.00 \div \$5,000,000.00 = 28\%$ .

**If the alteration costs more than 15% but less than 50% of the reproduction cost of the public facility, and more than \$100,000, the following shall comply with the applicable requirements for new construction (see Sections 400.310 and 400.320):**

- A) the element or space being altered;**
- B) an entrance and a means of egress intended for use by the general public;**
- C) all spaces and elements necessary to provide horizontal and vertical accessible routes between an accessible entrance and means of egress and the element or space being altered. VERTICAL ACCESS EXCEPTION: However, privately owned public facilities are not required to provide vertical access in a building with two levels of occupiable space where the cost of providing such vertical access is more than 20% of the reproduction cost of the public facility;**

- D) at least one accessible toilet room for each sex or a unisex toilet, when permitted, if toilets are provided or required (see subsection (e)(1) of this Section);
- E) accessible parking spaces, where parking is provided; and
- F) an accessible route from public sidewalks or from the accessible parking spaces, if provided, to an accessible entrance. (Section 5, EBA).

**Section 400.510 b)** of the Illinois Accessibility Code, **Scope** is as follows:

**All Public Facilities - Alteration Costs 15% or Less:**

If the alteration costs 15% or less of the reproduction cost of the public facility, the element or space being altered shall comply with the applicable requirements for new construction (Section 5, EBA) (see Sections 400.310 and 400.320). (See also subsection (b)(6) of this Section for treatment of alterations to Specific categories of public facilities.)

**All Public Facilities Other Than State-Owned - Alteration Costs 15% to 50% and less than \$100,000:**

If the alteration costs more than 15% but less than 50% of the reproduction cost of the public facility, and less than \$100,000, the following shall comply with the applicable requirements for new construction (see Sections 400.310 and 400.320):

- A) the element or space being altered; and
- B) an entrance and a means of egress intended for use by the general public. (Section 5, EBA).

**All Public Facilities Other Than State-Owned - Alteration Costs 15% to 50% and More than \$100,000:**

If the alteration costs more than 15% but less than 50% of the reproduction cost of the public facility, and more than \$100,000, the following shall comply with the applicable requirements for new construction (see Sections 400.310 and 400.320):

- A) the element or space being altered;
- B) an entrance and a means of egress intended for use by the general public;
- C) all spaces and elements necessary to provide horizontal and vertical accessible routes between an accessible entrance and means of egress and the element or space being altered. VERTICAL ACCESS EXCEPTION: However, privately owned public facilities are not required to provide vertical access in a building with two levels of occupiable space where the cost of providing such vertical access is more than 20% of the reproduction cost of the public facility;
- D) at least one accessible toilet room for each sex or a unisex toilet, when permitted, if toilets are provided or required (see subsection (e)(1) of this Section);
- E) accessible parking spaces, where parking is provided; and



F) an accessible route from public sidewalks or from the accessible parking spaces, if provided, to an accessible entrance. (Section 5, EBA).

**All Public Facilities - Alteration Costs 50% or More:**

If the alteration costs 50% or more of the reproduction cost of the public facility, the entire public facility shall comply with the applicable requirements for new construction (see Sections 400.310 and 400.320).

**Alterations to Specific Categories of Public Facilities:**

For religious entities, private clubs, and owner-occupied transient lodging facilities of five units, compliance with the standards adopted by the Capital Development Board is not mandatory if the alteration costs 15% or less of the reproduction cost of the public facility. However, if the cost of the alteration exceeds \$100,000, the element or space being altered must comply with the applicable requirements for new construction (Section 5, EBA) (see Sections 400.310 and 400.320). If the alteration costs more than 15% of the reproduction cost, subsections (b)(3), (4) and (5) above, as applicable, govern.

**Section 400.510d of the Illinois Accessibility Code: Housing**

- 1) Scope: Alterations to housing that is owned, financed or guaranteed by a governmental unit is subject to the applicable requirements of subsection (b) of this Section. Privately financed alterations to housing are not covered by the Environmental Barriers Act or this Code. NOTE: All housing, including new construction and some alterations may be subject to federal law. See Fair Housing Amendments Act, 42 U.S.C. 3601 et seq.

**Section 400.520d of the Illinois Accessibility Codes, Exemptions to the Alterations Requirements:** *Parts of buildings which it would be technically infeasible to make conform to the strict requirements of the Code for new construction, with the approval of the administrative authority.*

**Conclusion:**

Every Rehab loan will require a certain degree of accessibility. The level of accessibility work required will depend on the total cost of the alteration construction minus items not considered as alternation work, divided by the replacement cost of the project. The resulting percentage will determine the accessibility work required by the Illinois Accessibility Code that must be included in the alteration project.

A full Accessibility Compliance Survey, which is beyond the scope of this report, may reveal further aspects of the facility, which are not in compliance with other accessibility requirements. Since compliance may have legal consequences, we recommend that the developer consult with his architect to insure that all accessibility requirements have been met.

## **SECTION 504 OF THE REHABILITATION ACT (1973)**

**Under Section 504 of the Rehabilitation Act of 1973 as amended, no otherwise qualified individual with a disability may be discriminated against in any program or activity receiving federal financial assistance. The purpose of Section 504 is to eliminate discriminatory behavior toward people with disabilities and to provide physical accessibility, thus ensuring that people with disabilities will have the same opportunities in federally funded programs as do people without disabilities. Program accessibility may be achieved by modifying an existing facility, or by moving the program to an accessible location, or by making other accommodations, including construction of new buildings. HUD's final regulation for Section 504 may be found at 24 CFR Part 8. Rehabilitation**

**Substantial alterations** - Section 504 requires that if alterations are undertaken to a housing project that has 15 or more units, and the rehabilitation costs will be 75 percent or more of the replacement cost of the completed facility, then such developments are considered to have undergone "substantial alterations" (24 CFR 8.23 (a)). For substantial alterations of multifamily rental housing, the accessibility requirements contained in 24 CFR 8.22 must be followed -- a minimum of 5 percent of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional 2 percent, at a minimum (but not less than one unit), must be accessible to individuals with sensory impairments.

**Other alterations** -- When **other alterations** that do not meet the regulatory definition of substantial alterations are undertaken in multifamily rental housing projects of any size, these alterations must, to the maximum extent feasible, make the dwelling units accessible to and usable by individuals with disabilities, until a minimum of 5 percent of the dwelling units (but not less than one unit) are accessible to people with mobility impairments, unless HUD prescribes a higher number pursuant to 24 CFR 8.23(b)(2). If alterations of single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, then the entire dwelling unit shall be made accessible. For this category of rehabilitation the additional 2 percent of the dwelling units requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible. A recipient is not required to make a dwelling unit, common area, facility or element accessible, if doing so would impose undue financial and administrative burdens on the

operation of the multifamily housing project (24 CFR 8.23(b)). Therefore, with regards to covered alterations, recipients are only required to provide access up to the point of being an undue financial and administrative burden.

### **Accessibility Standards**

Dwelling units designed and constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) will be deemed to comply with the Section 504 regulation. For copies of UFAS, contact the HUD Distribution Center at 1-800-767-7468; hearing or speech-impaired persons may access this number via TTY by calling the Federal Information Relay Service at 1-800-877-8339. Accessible units must be, to the maximum extent feasible, distributed throughout the projects and sites, and must be available in a sufficient range of sizes and amenities so as not to limit choice.

Generally, the UFAS is the design standard for providing physical accessibility, although other standards that provides equivalent or greater accessibility may be used.

### **THE AMERICANS WITH DISABILITIES ACT (1990)**

This act is a broad civil rights law guaranteeing equal opportunity for individuals with disabilities in employment, public accommodations, transportation, state and local government services, and telecommunications.

Title II of the ADA applies to all programs, services, and activities provided or made available by public entities. With respect to housing, this includes, for example, public housing and housing provided for state colleges and universities.

Title III of the Act covers all private establishments and facilities considered “public accommodations,” such as restaurants, hotels, retail establishments, doctors’ offices, theaters, the rental office and related toilets, and access to and through the project from the point of arrival in a multi-family development. People with disabilities must have equal opportunity in these establishments, both in terms of physical access and in the enjoyment of services.

Note: For Capital Expenditure Analysis for IHDA Projects only see Supplemental Document 6.  
For Systems & Conditions Table see Supplemental Document 7.

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- |            |                                       |  |        |       |         |       |            |                |
|------------|---------------------------------------|--|--------|-------|---------|-------|------------|----------------|
| 1.         | Application Fee                       | <p><b>\$500</b> for Projects with 25 or fewer units.<br/> <b>\$1,100</b> for Projects with more than 25 units.<br/> <b>\$1,100</b> for Projects with tax-exempt financing.<br/> <b>\$500</b> for Projects competing under the Nonprofit Set-Aside, regardless of the size of the Project.<br/> An additional fee is required for resubmitting an application denied in the first round in the second round.</p>  |        |       |         |       |            |                |
| 2.         | Reservation Fee/<br>Determination Fee | <p><b>6.5%</b> of annual Tax Credit amount stated in the Reservation Letter for Projects competing under the Authority Housing Credit Ceiling.<br/> <b>6.5%</b> of the annual Tax Credit amount identified in the Determination Letter for Projects financed with tax-exempt bonds.<br/> Minimum: \$500 One-Time</p>   |        |       |         |       |            |                |
| 3.         | Modification Fee**                    | <p><b>\$500</b> for changes in the ownership structure or changes in the name of the ownership entity; or for requests for extensions for meeting special conditions set forth in the Reservation Letter.<br/> <b>\$1,000</b> for changes to the characteristics of the Project, such as unit type, distribution, or targeting, or for changes to scoring criteria.<br/> <b>\$1,500</b> for issuance of amended IRS Form(s) 8609 due to an error in the submission of final Allocation documentation.<br/> <b>\$1,500</b> for an amended Carryover Allocation resulting from a change in building identification numbers or other modification which requires the preparation of an amended IRS Form 8610.</p> |        |       |         |       |            |                |
| 4.         | Inspection Fee                        | <p><b>\$1,500</b> for site visits to review green development components and enhanced accessibility for which the project received points.</p>   |        |       |         |       |            |                |
| 5.         | Monitoring Fee                        | <p><u># Low-Income Units in Project Annual Fee</u></p> <table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 20px;">1 - 10</td> <td>\$ 75</td> </tr> <tr> <td>11 - 19</td> <td>\$150</td> </tr> <tr> <td>20 or more</td> <td>\$ 25 per unit</td> </tr> </table>   | 1 - 10 | \$ 75 | 11 - 19 | \$150 | 20 or more | \$ 25 per unit |
| 1 - 10     | \$ 75                                 |  |        |       |         |       |            |                |
| 11 - 19    | \$150                                 |  |        |       |         |       |            |                |
| 20 or more | \$ 25 per unit                        |  |        |       |         |       |            |                |
| 6.         | Subsidy Layering Fee                  | <p><b>\$1,000</b></p>  |        |       |         |       |            |                |

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

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

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## ATTACHMENT 6

## QUALIFIED CENSUS TRACTS

## 2006 IRS SECTION 42 (d)(5)( C ) QUALIFIED CENSUS TRACTS (2000 DATA, MSA/PMSA DEFINITIONS JUNE 30, 1999)

County	Tract	Tract	Tract	Tract	Tract	Tract
Adams	0004	0007	0008			
Alexander	9578	9579				
Champaign	0001	0002	0003	0004	0051	0052
	0053	0058	0059	0060		
Coles	0007	0008				
Cook	SEE ATTACHED LIST					
DeKalb	0010	0011	0012			
Jackson	0107	0108	0109	0111	0112	0113
	0114	0115				
Jefferson	0509	0510				
Kane	8509	8515	8536	8537		
Kankakee	0110	0114	0115	0116	0123	
Knox	0008	0009				
Lake	8623	8624.1	8624.2	8626.5	8627	8628
	8629.2					
Macon	0001	0003	0005	0006	0007	0008
	0009					
Madison	4003	4005	4006	4007	4009.1	4013
	4021	4024				
McLean	0104	0002	0004	0501	0015	0016
	0017					
McDonough	0104	0105	0106			
Peoria	0001	0002	0003	0005	0006	0007
	0008	0009	0012	0013	0016	0018
	0019					
Pulaski	9711					
Richland	9780					
Rock Island	0206	0223	0226	0227	0235	0236
	0244					
St. Clair	5004	5005	5006	5009	5011	5013
	5014	5021	5022	5024.1	5025	5026.3
	5027	5028	5029	5042.1	5045	
Saline	9555					
Sangamon	0008	0009	0013	0014	0015	0016
	0017	0024				
Vermillion	0001	0002	0004	0006	0011	
Will	8813	8819	8820	8821	8824	8825
Winnebago	0010	0011	0012	0020	0024	0025
	0026	0027	0028	0029	0031	0032

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

**QUALIFIED CENSUS TRACTS**  
**IRS SECTION 42(d)(5)(C)(ii)**  
**(2000 DATA, MSA/PMSA DEFINITIONS JUNE 30, 1999) COOK COUNTY**

0101	0105	0108	0306	0312	0313	0315	0316	0514	0607	0707	0804
0805	0808	0819	1401	1402	1407	2005	2006	2102	2105	2106	2207
2209	2210	2211	2213	2214	2215	2223	2224	2226	2227	2228	2229
2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312
2313	2315	2316	2317	2318	2401	2406	2407	2408	2409	2410	2411
2420	2425	2426	2427	2501	2510	2511	2513	2514	2515	2516	2517
2518	2519	2520	2521	2522	2523	2601	2602	2603	2604	2605	2606
2607	2608	2609	2610	2701	2702	2703	2704	2705	2706	2707	2708
2709	2710	2711	2712	2713	2714	2716	2717	2718	2719	2804	2805
2806	2807	2808	2809	2810	2811	2813	2814	2815	2816	2817	2818
2822	2824	2826	2827	2830	2831	2832	2835	2836	2838	2839	2840
2841	2842	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911
2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923
2924	2925	2926	3001	3002	3003	3004	3006	3007	3008	3009	3010
3011	3012	3013	3014	3015	3016	3017	3104	3105	3106	3107	3108
3109	3110	3111	3112	3113	3114	3206	3302	3303	3401	3402	3404
3405	3406	3502	3504	3506	3507	3511	3512	3514	3515	3601	3602
3603	3604	3605	3701	3702	3703	3704	3801	3802	3803	3804	3805
3806	3807	3808	3809	3810	3812	3813	3814	3815	3816	3817	3818
3819	3820	3902	3903	3904	4001	4002	4003	4004	4005	4006	4007
4008	4106	4113	4201	4202	4203	4204	4205	4206	4207	4208	4209
4210	4211	4212	4302	4303	4304	4305	4307	4309	4310	4313	4314
4401	4408	4409	4601	4602	4603	4605	4606	4607	4608	4609	4610
4701	4902	4910	4912	4913	4914	5002	5003	5105	5202	5301	5302
5306	5401	5602	5802	5803	5807	5907	6001	6002	6003	6009	6014
6102	6103	6104	6105	6109	6110	6111	6112	6113	6114	6115	6116
6117	6118	6119	6120	6121	6122	6301	6302	6304	6305	6308	6601
6606	6607	6608	6609	6701	6702	6703	6704	6705	6706	6707	6708
6709	6710	6711	6712	6713	6714	6715	6716	6717	6718	6719	6720
6801	6802	6803	6804	6805	6806	6807	6808	6809	6810	6811	6812
6813	6814	6901	6902	6903	6904	6905	6907	6908	6909	6911	6912
6915	7101	7102	7103	7106	7107	7109	7609	8087.2	8093	8133	8138
8141	8142	8175	8215	8236.3	8243	8260	8268	8269.1	8269.2	8272	8273
8274	8290	8291	8293.2	8294.1	8297						
	*	8236.03**	8269.01								



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

<u>County</u>	<u>Municipality</u>	<u>County</u>	<u>Municipality</u>
Adams	Quincy	Rock Island	Carbon Cliff, Coal Valley, E. Moline, Hampton, Moline, Rock Island
Boone	Belvidere		Silvis
Champaign	Champaign, Urbana, Savoy	St. Clair	Alorton, Belleville, Cahokia, Caseyville, Centreville, Dupo, East St. Louis, E. Carondelet, Fairview Heights Fairmount City, National City, O'Fallon, Sauget, Swansea, Washington Park
DeKalb	DeKalb, Sycamore		
Grundy	Minooka		
Kane	Aurora, Batavia, Carpentersville, East Dundee, Elgin, Elburn, Geneva, Hampshire, Montgomery, North Aurora, St. Charles, So. Elgin, Sargar Grove, W. Dundee	Sangamon	Grand View, Leland Grove, Jerome, Sherman, Southern View, Springfield
		Stephenson	
Kankakee	Bradley, Bourbonnais, Kankakee	Tazewell	Creve Coeur, East Peoria, Groveland, Marquette Heights, Morton, North Pekin, Pekin, Sunnyland, Washington
Kendall	Oswego, Yorkville		
Knox	Galesburg		
		Vermilion	Danville, Tilton
Macon	Decatur, Forsyth, Long Creek, Mt. Zion	Will	Bolingbrook, Crest Hill, Crete Forest Park, Frankfort, Lockport, Joliet, Mokena Monee, New Lenox Plainfield, Ridgewood, Romeoville, Steger, Shorewood, Tinley Park, University Park
Madison	Alton, Collinsville, East Alton Edwardsville, Glen Carbon, Godfrey, Granite City, Hartford, Madison, Pontoon Beach, Roxana, So. Roxana, Venice, Wood River		
McHenry	Algonquin, Cary, Crystal Lake, Fox River Grove, Huntley, Lake in the Hills, McHenry, Woodstock	Winnebago	Cherry Valley, Loves Park, Machesney Park, Rockford Rockton, Roscoe, South Beloit
McLean	Bloomington, Normal		
Peoria	Bellevue, Peoria, Peoria Heights, West Peoria		

ATTACHMENT 8

2008 PER UNIT COST LIMITATIONS

<b>Area Name &amp; Counties</b>	<b>Bedrooms</b>	<b>Limit</b>
<b>Champaign</b>	0 BR	80,513
Champaign, Clark, Clay, Coles,	1 BR	92,291
Crawford, Cumberland, De Witt,	2 BR	112,227
Douglas, Edgar, Edwards, Effingham,	3 BR	145,182
Ford, Gallatin, Hamilton, Hardin,	4 + BR	159,365
Iroquois, Jasper, Lawrence, Livingston,		
Macon, McLean, Moultrie, Platt, Pope,		
Richland, Saline, Shelby, Vermillion,		
Wabash, Wayne, and White		
<b>Chicago</b>	0 BR	94,987
Cook, DuPage, Grundy, Kane,	1 BR	108,883
Kankakee, Kendall, Lake, McHenry and	2 BR	132,403
Will	3 BR	171,282
	4 + BR	188,015
<b>East St. Louis</b>	0 BR	83,679
Madison and St. Clair	1 BR	95,921
	2 BR	116,641
	3 BR	150,892
	4 + BR	165,632
<b>Peoria</b>	0 BR	80,513
Bureau, Fulton, Henderson, Henry, Knox,	1 BR	92,291
LaSalle, Marshall, McDonough, Mercer,	2 BR	112,227
Peoria, Putnam, Stark, Tazewell, Warren,	3 BR	145,182
and Woodford.	4 + BR	159,365
<b>Quincy</b>	0 BR	79,608
Adams, Brown, Calhoun, Hancock,	1 BR	91,254
Pike, and Schuyler.	2 BR	110,966
	3 BR	143,551
	4 + BR	157,575

2008 Per Unit Cost Limitations

<b>Area Name &amp; Counties</b>	<b>Bedrooms</b>	<b>Limit</b>
<b>Rockford</b>	0 BR	79,156
Boone, DeKalb, Stephenson, and Winnebago.	1 BR	90,736
	2 BR	110,336
	3 BR	142,735
	4 + BR	156,679
<b>Rock Island</b>	0 BR	78,251
Rock Island	1 BR	89,699
	2 BR	109,075
	3 BR	141,104
	4 + BR	154,889
<b>Springfield</b>	0 BR	82,775
Alexander, Bond, Cass, Christian, Clinton, Fayette, Franklin, Greene, Jackson, Jefferson, Jersey, Johnson, Logan, Macoupin, Marion, Mason, Massac, Menard, Monroe, Montgomery, Morgan, Randolph, Perry, Pulaski, Sangamon, Scott, Washington, Williamson, and Union	1 BR	94,884
	2 BR	115,380
	3 BR	149,260
	4 + BR	159,365
<b>Sterling</b>	0 BR	80,513
Carroll, Jo Daviess, Lee, Ogle, and Whiteside.	1 BR	92,291
	2 BR	112,227
	3 BR	145,182
	4 + BR	159,365

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

**SAMPLE CALCULATION OF ANNUAL TAX CREDIT AMOUNT**

**Qualified Basis Method:**

Total Costs\*\*  
 - Non-Depreciable Costs  
 -----  
 = Total Depreciable Costs  
 - Grants  
 - Historic Tax Credits  
 -----  
 = Total Eligible Basis  
 x 1.30 if in a Qualified Census Tract or Difficult Development Area (whether designated by HUD or by the State)  
 -----  
 = Total Eligible Basis  
 x % Low Income Units (or Floor Space)  
 -----  
 = Total Qualified Basis  
 x 3.50% or 9%  
 -----  
 = Annual Tax Credit Amount

**Equity Gap Method:**

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

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

\*The 3.50% rate is used for acquisition costs and for total qualified basis for tax-exempt Projects, while 9% is used for rehabilitation or new construction costs. The source of financing affects the percentage. A Project shall be treated as federally subsidized for any taxable year if there is or was outstanding any obligation, the interest on which is exempt from tax under [section 103](#) of the Internal Revenue Code, and the proceeds of which are or were used (directly or indirectly) with respect to such Project or the operation thereof.

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

\*\*\* In calculating the Tax Credit amount through Equity Gap method for 2008 & 2009, the Authority will use an estimated discount of .80 for rehabilitation, special needs, SLF, and projects with 12 units or less and .80 for all others. The TC Value Factor is an estimate of the gross value of the tax credits (inclusive of bridge loan interest and fees). It is calculated as follows. First, an estimate of the value of the credits is established. This estimate is multiplied by 10 (the number of years the credit can be claimed). For example, the estimated value of tax credits currently used is 80 cents on the dollar. This 80 cents, or .80 is multiplied by 10 to get a TC Value Factor of 8.0. The Equity Required under this example is then divided by the TC Value Factor of 8.0 to obtain the annual tax credit amount. The TC Value Factor is subject to change depending upon the current market value of Tax Credits.

## ATTACHMENT 10

### **Tenant Homeownership (Rent-to-Own) Plan Guidelines**

Tenant Homeownership Plan should include or address the following guidelines:

A Tenant Homeownership Plan will:

- Align financing terms such as terms in the Limited Partnership Agreement or loan documents to the proposed conversion
  - Loan and Financing Terms
  - Tenant Equity Calculation
  - Timelines for transition to ownership
  - Limited Partnership's responsibility for unsold units
- Define tenant qualification criteria
- Require individually recorded residential units
- Address replacement reserve funding and levels at conversion to Homeownership
- Require a PNA evaluation of building prior to date of ownership conversion
- Provide for an optional right of first refusal by qualifying tenant
- Require an option agreement (between seller and qualifying tenant)
- Required purchase price (sales price) calculation methodology
- Provide homeownership counseling for qualifying tenants/ buyers
- Address the treatment of common areas in the subdivision of the property. ( if applicable)
- Provide the calculation of equity takeout and tenant equity
- Provide a mechanism for the continuation of and/or release of Use and Occupancy Restrictions

## ATTACHMENT 11

## **Guidelines for Supportive Housing Set-Aside**

The Authority will reserve up to \$2,000,000 for Projects serving Supportive Housing Populations. The Project must reserve at least 50% of the total units affordable to and occupied by Supportive Housing Populations. The percentage must be stated in the Application. The Project must also comply with applicable federal and state law, including but not limited to the federal Fair Housing Act and the Illinois Environmental Barriers Act (410 ILCS 25/1 et seq.). Projects funded under the Supportive Housing Set-Aside must submit a Supportive Housing Plan with the application, which shall include provision by a local human services agency of at least one (1) on-site support coordinator (hours should be proportional to number of Supportive Housing units in the Project) to assist residents in the application process, in implementing the tenants' plan for success in permanent housing, and in continuing linkage to supportive services as needed. Supportive Living Facilities will not be considered under this set-aside. Applicants are encouraged to contact Tara Peele at [tpeele@ihda.org](mailto:tpeele@ihda.org) prior to the development of the required Supportive Housing Plan.

“The following guidelines are recommended for Permanent Supportive Housing Projects:

1. Supportive housing is affordable, safe and decent. The tenant typically pays not more than 30% of household income towards rent.
2. The supportive housing tenant has a standard lease or similar form of occupancy agreement that adheres to normal conditions of tenancy. Regardless of who fills the roles of supportive services provider, property owner and manager, the rights of tenants should be protected through the delineation of separate functions of services provision and property management.
3. There are no limits on a person's length of tenancy in supportive housing as long as they abide by the conditions of the lease or agreement. Tenants are supported in their efforts to achieve their individualized goals, which may include eventually moving to other housing settings.

4. Services are integral to supportive housing, although a tenant's use of services in supportive housing should be voluntary. By design, housing support services are intended to help ensure stability and to maximize each tenant's ability to live independently.
  - Supportive housing tenants have access to supports that reinforce housing retention, including but not limited to money management and crisis prevention. These supports may be provided or coordinated via an enhanced property management role.
  - Supportive housing tenants also have access to a flexible array of individualized, comprehensive services that vary according to their needs and interests. Such services, offered on- and/or off-site and dependent upon tenant eligibility, may include medical and wellness, mental health, substance use management, treatment and recovery, vocational and employment and coordinated support (case management).”

Projects under the Supportive Housing Set-Aside must submit a **Supportive Housing Plan** (using template provided) at the time of Application, which will describe how the following conditions will be met by the agency or agencies fulfilling the roles of owner, management and services partner (the partner organizations):

1. Site Suitability - how the project will meet the needs of Supportive Housing Populations including accessibility features, access to transportation, proximity to community amenities, etc.
2. Affordability - how the project will make the Supportive Housing units affordable to the targeted population(s).
3. Access to Services – how an array of services, including those aimed at tenant retention, will be made available both on- and off-site for all Supportive Housing tenants to access according to their needs, including a budget for any services funding sources that have been secured or will be sought
4. Support Coordination – qualifications of the agency providing the on-site support coordinator including:

- capacity to provide access to supportive services, and to maintain relationships with the management agent and community service providers for the duration of the compliance period
  - a history of engagement with other community agencies through the local Continuum of Care and/or other cross-agency efforts.
5. Referral, Screening and Communication –
- the tenant referral and screening process, including steps followed by all parties to negotiate Requests for Reasonable Accommodations and Modifications under Fair Housing Laws to facilitate the admittance of persons with disabilities into the project.
  - how project management and the agency providing the on-site support coordinator will communicate, accommodate staff turnover and assure continuing linkages between the Project and the agency providing the on-site support coordinator for the duration of the compliance period.
6. An Agreement among all parties that address the following –
- Demonstrate of a clear separation of property management and supportive service provision functions within or among partner organizations to assure confidentiality of tenant information.
  - Plan to affirmatively market to persons with disabilities and include a section on reasonable accommodations and modifications in applications for tenancy. Projects may advertise as offering services for people with particular types of disabilities but must admit other persons with disabilities who may benefit from the services.
  - Use by the management agent of objective screening and income eligibility criteria to make decisions regarding offering applicants residency.

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**Referral and Support Plan for Targeting a Minimum of 10% of Units to Supportive Housing Properties**

To further the creation of community-based housing, Projects that target a **minimum of 10%** of the units for Extremely Low Income (less than 30% AMI) Supportive Housing Populations, excluding Supportive Living Facilities, will receive **3** points under this category. With Application, the owner must demonstrate a partnership with a Lead Referral Agency and submit a **Referral and Support Plan** (Template Available on IHDA's Website) for review by the Authority. Applicants must contact Tara Peele at [tpeele@ihda.org](mailto:tpeele@ihda.org) prior to the development of the required **Referral and Support Plan** to be assigned a Lead Referral Agency.

The Lead Referral Agency will coordinate a range of local disability and homeless services agencies in the referral process. 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. Units targeted to Supportive Housing Populations under this category are to be open to any referrals from the Lead Referral Agency, which will include households headed by persons with a range of disabilities as well as households that are homeless or at-risk of homelessness. Property Management will use the Lead Referral Agency as their main point of contact to ensure that supports are available to tenants in the targeted units.

Projects receiving points under this category must submit a **Referral and Support Plan** (Template Available on IHDA's Website) at the time of Application, which will describe how the following conditions will be met. The Authority acknowledges that the Referral and Support Plan may be a separate addendum to or be considered as part of the Tenant Selection Plan. At a minimum, **Referral and Support Plans** shall include:

- a) Site Suitability – how the project will meet the needs of Supportive Housing Populations including accessibility features, access to transportation, proximity to community amenities, etc.

- b) Affordability – how the project will make the targeted units affordable to persons with extremely low incomes.
- c) Lead Referral Agency – capacity to provide access to supportive services, and to maintain relationships with the management agent and community service providers for the duration of the compliance period.
- d) Referral, Screening and Communication –
  - the tenant referral and screening process, including steps followed by all parties to negotiate Requests for reasonable accommodations and modifications under Fair Housing Laws to facilitate the admittance of persons with disabilities into the Project.
  - how project management and the Lead Referral Agency will communicate and assure continuing linkages between the Project and the Lead Referral Agency for the duration of the compliance period, including changes in staff will be accommodated.
- e) An Agreement between the developer(s), management agent and the Lead Referral Agency. The Agreement will include, among other items-
  - A commitment from the Lead Referral Agency to provide, coordinate and/or act as a referral agent to assure that supportive services will be available to the referred households.
  - Agreement that for a period of ninety (90) days after certificate of occupancy, the required number of units for Supportive Housing Populations will be held open for referred households. In the event of turnover of a targeted unit, hold the unit vacant for a period of no less than 30 days for tenant referral by the Lead Referral Agency. If, after this period, no eligible tenant has been referred, the unit may be rented to any eligible tenant. The next available unit in the property will be made available to a referred household.