

Forward

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 2006 & 2007 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 2006 & 2007 Qualified Allocation Plan ("QAP") and Information Packet are an integral part of the CY 2006 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.

Attendance at Authority-sponsored application workshops is strongly encouraged. Workshop information may be found at www.ihda.org.

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**CY's 2006 & 2007
 LOW INCOME HOUSING TAX CREDIT
 QUALIFIED ALLOCATION PLAN
 FOR THE STATE OF ILLINOIS
 (Subject to the Governor's Approval)
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* 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. "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.
- g. "Authority" shall mean the Illinois Housing Development Authority.
- h. "Authority Housing Credit Ceiling" shall mean that portion of the State Housing Credit Ceiling available for Allocation by the Authority.
- i. "Board" shall mean the Members of the Authority.
- j. "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.

- k. "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.
- l. "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.
- m. "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.
- n. "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.
- o. "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.
- p. "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.
- q. "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.
- r. "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 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).

- s. “Elderly Services” shall mean includes 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.
- t. “Eligible Employer” shall mean a third-party employer providing permanent jobs.
- u. "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.
- v. "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).
- w. "HUD" shall mean the United States Department of Housing and Urban Development.
- x. "Increase" shall mean an increase in the amount of a Reservation or Carryover Allocation for a Project.
- y. "IRS" shall mean the Internal Revenue Service.
- z. “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.

- aa. "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.
- ab. "Low Income Tenant" shall mean a tenant having a household income meeting the definition of Low Income.
- ac. "Material Participation" shall mean "material participation" as defined in the regulations promulgated under the Internal Revenue Code, codified at 26 CFR § 1.469-5T.
- ad. "Multifamily" shall mean a building with 5 or more units.
- ae. "Nonprofit Applicant" shall mean an Owner of a Nonprofit Project.
- af. "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.
- ag. "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.

- ah. "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.
- ai. "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.
- aj. "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, and USDA Rural Development rental assistance.
- ak. "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.
- al. "Reservation" shall mean a reservation or a forward reservation of Tax Credits for a Project, as evidenced by a Reservation Letter.
- am. "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.

- an. "Scattered Site" shall mean non-contiguous sites included within the same Project.
- ao. "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.
- ap. "Single Family" shall refer to a building with one (1) to four (4) units.
- aq. "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.
- ar. "Special Needs" shall refer to persons who: are homeless or displaced individuals; have physical, mental or developmental disabilities; have alcohol and substance abuse problems; have AIDS and related diseases; are eligible for tenancy in a Project approved by the Illinois Department of Healthcare and Family Services such as a Supportive Living Facility, or other assisted living program for the elderly, as demonstrated by the applicant; or have other special needs, as determined by the Authority.

- as. "State" shall mean the State of Illinois.
- at. "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).
- au. "Supportive Living" shall mean proposals under the Supportive Living Program for the frail elderly, administered by the Illinois Department of Healthcare and Family Services.
- av. "Tax Credits" shall mean federal low income housing tax credits, as authorized by Section 42.

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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. 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 & Market Format</u> |
|--|---------------------------------|
| Rehab projects with significant (80% or more) low income occupancy at the time of application. | Attachment 1 |
| Projects for Special Needs populations | Attachment 1 |
| Projects of 12 units or less. | Attachment 1 |
| Supportive Living Facilities (regardless of size). | Attachment 2 |
| All other Projects | Attachment 3 |

* 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 years 2006 & 2007, 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. The Application and mandatory Tax Credit Checklist will also be made available by email to Josie Kotsioris at jkotsior@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 st Period | December 5, 2005 | 50% |
| 2 nd Period | April 3, 2006 | 50% |
| 1 st Period | December 4, 2006 | 50% |
| 2 nd Period | April 2, 2007 | 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 one Application Period may be carried over for consideration in a subsequent Application Period provided that (i) the Application meets the criteria of the Allocation Plan, 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 reserves the right to consider authorizing Reservations for Allocations to Applicants from the most recent Application Period from (i) the Authority Housing Credit Ceiling received from the national pool of unused Tax Credit allocation authority and (ii) Tax Credits returned or forfeited to the

Authority. The Authority will not carry over Applications from one Application Period to the next unless these conditions have been met.

2. Projects Located in Certain Home Rule Municipalities. The Authority may accept Applications during the first two Application Periods for Projects located in a home rule municipality that administers its own Tax Credit program, i.e., the City of Chicago, if (i) the 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. **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 (2nd) Application Period, it is advisable that Owners submit Increase requests by the second (2nd) Application Period deadline date.

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 2006 & 2007. 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.** 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, AMBAC Program, 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 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.

In addition, Projects seeking bond financing or issuance from the Authority should contact the Authority in advance of application for a letter acknowledging 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.

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.

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. 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.

- c. 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 the feasibility of the Applicant's plan for eventual tenant ownership, as determined by the Authority. In addition, for Projects to be financed with the proceeds of tax-exempt bonds issued by the Authority, evidence of bond cap procurement is not required; for all other tax-exempt bond Projects, the Application must contain evidence of the availability of bond volume cap, including an acknowledgment letter(s) from an authorized signatory of the Project's proposed bond issuer, the credit enhancer, or any other party at risk on the debt financing, along with a copy of the appropriate Board Resolution(s) committing or ceding the bonds.

- d. 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).

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

- f. 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 plan that states whether each current tenant will be required to relocate temporarily or permanently. The Authority reserves the right to require modifications to any such plan to ensure that displacement is held to a minimum level.

- g. 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.

- h. 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.

- i. 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.)

- j. Minimum Energy Efficiency Standards. For new construction Projects, the Application must include a certification from an Illinois licensed **third party** architect indicating that the Project will comply with Authority's energy efficiency standards.

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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.

If an Applicant wishes to be considered under more than one set-aside, the Applicant **must** indicate all relevant set-asides on the Application and include all required documentation for that set-aside. The Authority will consider Projects requesting consideration in more than one Set-Aside in the following order: Public Housing Authority Set-Aside, Preservation Set-Aside, Nonprofit Set-Aside, Small Project Set-Aside, Special Needs Set-Aside, and Elderly Set-Aside. During the second (2nd) 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. Nonprofit Set-Aside. The Authority intends to reserve 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.

- b. 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**.

- c. Small Project Set-Aside. The Authority will set aside **\$1,250,000** 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 (2nd) Application Period, the unreserved amount will be available for Reservations for other Projects.
- d. Public Housing Authority Set-Aside. The Authority will reserve up to **\$3,000,000** for Large Public Housing Authorities, 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.

- e. Special Needs Set-Aside. The Authority will reserve up to **\$2,000,000** for Projects serving persons with Special Needs. The Project must reserve at least 50% of the total units for Special Needs tenants, as defined herein. 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, the Illinois Environmental Barriers Act (410 ILCS 25/1 *et seq.*), and the federal Olmstead U.S. Supreme Court decision. The Application must include financing commitment(s) for services to be provided to tenants. Acceptable evidence of a commitment includes an itemized, detailed plan and budget for services to be provided for the Special Needs tenants, and commitment letters evidencing sufficient funding to pay for those services.

The Authority may limit approvals for Supportive Living Facilities under the Special Needs Set-Aside to one per year.

- f. Elderly Set-Aside. The Authority will reserve up to **\$3,000,000** 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).

“Elderly Services” includes 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 services designed to encourage and assist residents to use the services and facilities available to them.

The Authority may limit approvals for Supportive Living Facilities under the Elderly Set-Aside to one per year.

- 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 2 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, two (2) points will be awarded to Projects whose Applications include a feasible plan to provide affordable homeownership opportunities to qualifying tenants at the expiration of the Compliance Period. This plan must specify the manner in which the Owner will ensure that units are purchased by low-income tenants at the end of the designated Extended Use Period. The plan must also specify the type and source of financial assistance, if any, to be offered to tenants in connection with the purchase of units.

- 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:

| | |
|---|---------------|
| 20% or more of the Units Occupied by Households <u>With Incomes at or Below*:</u> | <u>Points</u> |
| 50% | 3 |
| 40% | 5 |
| | |
| 5-10% of the Units Occupied by Households <u>With Incomes at or Below*:</u> | <u>Points</u> |
| 30% | 2 |

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

See **Attachment 10** for the maximum rent levels. The 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 5 points) This category will provide points to support both mixed income and mixed need projects. Up to five points will be awarded for mixed income projects, 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 privately placed bond financing programs will be considered private debt for the purposes of this calculation.

| Percentage of Market Rate Units | Points | Additional Requirements |
|---------------------------------|--------|---|
| N/A | 5 | <u>Projects That Reserve a Minimum of 15% of the Units for Low Income Special Needs Tenants</u> |
| 20 | 4 | <u>Private Debt / Total Project Cost >% Market Rate</u> |
| 15 | 3 | <u>Private Debt / Total Project Cost >% Market Rate</u> |
| 10 | 2 | <u>Private Debt/ Total Project Cost >% Market Rate</u> |
| 5 | 1 | <u>Private Debt / Total Project Cost >% Market Rate</u> |

Special Needs Projects that reserve a minimum of 15% of the units for Low Income Tenants, excluding Supportive Living Facilities, will receive five (5) points under this category regardless of the number of market rate units in the Project. The owner must provide sufficient documentation showing appropriate services and amenities, such as a reasonable plan for referral to community-based

services, acknowledgement of the availability of such services by the community-based service provider, or joint ownership with an established service provider.

Projects in rural areas, as defined in **Attachment 7**, will receive two points under this category regardless of the number of market rate units included in the Project, but may receive up to five points, should they meet the special needs criteria set forth above.

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.

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5. Economic Efficiencies (Maximum 10 points) The Authority will award points for the following types of financial assistance. A maximum of ten (10) 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.

| Program | % of Total Units Assisted | Other Requirements | Points |
|--|----------------------------------|---|---------------|
| 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 or comparable program | 50 | Letter of Commitment from HUD. | 4 |
| 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 comparable program | 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 5 points) The Authority will award up to five 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 five 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, as compared to all other Applicants in that Application Period. Projects in rural areas, as defined in Attachment 7, will be ranked together, apart from all other applicants, as the IHDA recognizes the general difficulty rural 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.

6. Project Location (Maximum 8 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 3 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. Projects that also submit evidence of Employer Direct Assistance will be awarded one (1) additional point, for a total of three (3) points. 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. The Employer Direct Assistance should be documented with a letter from the employer stating the type of assistance to be provided.

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 three (3) points may be awarded under this category to Projects that are eligible under another subcategory under Project Location, as a maximum of eight (8) points is available under this category.

Financial Assistance: One (1) point will be awarded for proposals under this category that also include rental assistance to be provided by the employer to employees who are tenants in the proposed Project. This assistance must be (1) a minimum of \$50 per month, (2) committed for a minimum of two years, and (3) evidenced by a binding agreement between the employer and Owner of the proposed Project.

c. *Illinois targeted Program and Areas:* (Maximum 3 points)

- a) Municipalities currently covered (“non-exempt”) by the States Affordable Housing Planning and Appeal Act (A list of these 49 municipalities is included in the application packet)
- b) Areas targeted by the Governor’s Team Illinois program; and
- c) General units of local government funded under DCEO’s DCDAP-Community Revitalization Pilot program.

6. Development Team Record. (Maximum 10 points) The IHDA will award points for the development record of the Project team, including but not limited to: 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 attached to the Application, along with supporting documentation, and as determined by the Authority, as follows:

| 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, including, but not limited to the following: failure to take corrective action for which a Form 8823 was filed; delinquent

loan payments; poor occupancy due to extensive deferred maintenance or other factors which may be attributed to poor property management; and continued unresponsiveness to IHDA requests for information.

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.

8. 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:

| Percentage of Total Units with 3 or More Bedrooms for <u>Low Income Families with Children</u> | <u>Points</u> |
|--|---------------|
| 31% to 50%* | 2 |
| 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.

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

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

10. Community Impact (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.

11. 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</u> | | |
|---|-------------|---------------|
| <u>in General Partner and/or</u> | | |
| <u>Limited Liability Company Entity</u> | | <u>Points</u> |
| | 51% to 100% | 2 |
| | 25% to 50% | 1 |

12. Project Design/Amenities (Maximum 6 points) Up to six 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 as the Owner pays to have it constructed.
- 1 point - energy efficient construction that EXCEEDS Authority efficiency standards for new construction for a minimum of two major

systems. The standards are provided as part of the Tax Credit application packet. Innovative energy systems, including, but not limited to geo-thermal heating or solar power, may also be considered for a point under this category.

1 point - 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.

13. 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 two blocks) of a regular bus route, next 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.

14. 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.a.) 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 |

15. 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 information from prior 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 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:

| | <u>Fee Percentage</u> |
|--|-----------------------|
| Developer Fee and Overhead (combined) -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 should fall within a range of \$2,700 and \$4,500, excluding Project reserves. Written justification for any deviation from the suggested range must be included with the Application. The Authority will review and determine suitability for each amenity 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 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. Grants/Federal Subsidies. For Projects with any type of grant funds or federal subsidies, the Applicant must supply a third-party certified public accountant's opinion or attorney's opinion prior to Board consideration, concerning (i) the inclusion or exclusion of such funds from eligible basis and (ii) the Project's qualification for the 9% Tax Credits.
- q. HOME Program Projects. For Projects utilizing financing received under the federal HOME Investment Partnerships Program, that intend to rent 40% of the units at 50% of median income, 40% of the units in **each building** that benefits from HOME financing must satisfy **both** the rent and income restrictions.
- r. Large Projects. If an Application requests Tax Credits in an amount which exceeds 10% of the 2006 or 2007 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.

- s. Tax Credit Calculation. The Authority will determine the amount of Tax Credits that the Project is eligible to receive using both the qualified basis (using 8.25% and 3.50% as the standard applicable percentage) and equity gap methods (using .80 as the multiplier). 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.

- t. 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.

- u. 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.

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E. PRIORITY ALLOCATION

In keeping with Executive Order 2003-18, IHDA may allocate Tax Credits to a project(s) selected by IHDA in response to a Notice of Funding Availability (NOFA) issued by the Intergovernmental Committee of the Illinois Affordable 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 Intergovernmental Committee 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 2007/2008 Authority Housing Credit Ceiling ("Forward Reservations") in an amount not to exceed 15% of the per capita portion of the 2006/2007 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 2007/2008 Tax

Credits must meet all Carryover Allocation requirements for calendar year 2006/2008.

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 2006 Authority Housing Credit Ceiling. However, the Carryover Allocation Letter for that Project will reflect only the amount available from the current year's Authority Housing Credit Ceiling.
5. Insufficient Availability of Credits. Qualifying Projects that do not receive Reservations during the final Application Period may be considered for a Reservation if either (i) a Reservation is for any reason returned to the Authority, or (ii) the Authority Housing Credit Ceiling is increased from the national pool of unused Tax Credit Allocation authority or from returned Tax Credits. If additional 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. Owners may elect the Tax Credit rate in effect during either (1) the month in which the Authority issues a Reservation Letter; or (2) the month during which the Project is placed in service. To elect the first alternative, the Owner must execute the Reservation Letter by the end of the month in which the Reservation Letter is issued. In addition, the Owner must execute, and have notarized, the election rider to the Reservation Letter no later than the fifth day of the month following the month in which the Reservation Letter is issued.
9. Reservation Fee. The Authority will charge a non-refundable reservation fee in an amount equal to the greater of 6.5% of the amount of Reservation 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.

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.

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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 Internal Revenue 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 November 15, 2006. The Carryover Allocation Letter must be executed and returned to the Authority by December 1, 2006, in order for the Carryover Allocation to be valid. For year 2007 Allocations, the Carryover Allocation Letter will be forwarded by November 15, 2007 and must be returned by December 1, 2007.

In addition, each Owner approved for a Reservation must evidence to the satisfaction of the Authority by May 1, 2007, that more than 10% of the reasonably expected basis in the Project (the "10% Test") has been incurred by June 1, 2007 (the "Ten Percent Date"). Owners approved for a Reservation must provide an estimate of their reasonably expected basis and percentage to be expended by June 1, 2007, by November 1, 2006, in a form to be prescribed by the Authority. For Reservations approved for year 2007, evidence of the June 1, 2008 Ten Percent Test must be submitted by May 1, 2008 and an estimate of the reasonably expected basis and percentage to be expended by June 1, 2008, by November 1, 2007.

- b) The costs incurred in meeting the 10% Test must be certified, in a format specified by the Authority, by an independent, third-party certified public accountant or an attorney;
- c) The evidence of Site Control in the Owner's name must be satisfactory to the Authority and must extend at least through June 1, 2007 or, for 2007 Allocations, June 1, 2008, or the Carryover Date, whichever is later;
- 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.

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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 Year 2006 & 2007. For Projects receiving a Reservation during 2006 & 2007 that will be placed in service during the 2006 & 2007 calendar year, the Authority will make the Allocation by issuing IRS Form(s) 8609 prior to the end of the 2006 & 2007 calendar year. Owners of these Projects must provide to the Authority all final Allocation checklist items no later than November 1, 2006 & 2007.

Projects Placed In Service After Calendar Year 2006 & 2007. For Projects receiving a Reservation during 2006 & 2007 that will be placed in service after the end of the 2006 & 2007 calendar year, the Authority will issue a Carryover Allocation. Such Projects must be placed in service no later than the end of the second year following the year in which a Carryover Allocation is made. The Owner must notify the Authority when a Project has been placed in service, and 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.

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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 900
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.

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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
Special Needs-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

3. 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.

1. 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.

2. 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. ces

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 items for which the developer expects to receive points, as listed under the Scoring Categories (Surrounding Site Amenities) in the 2006 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 (for Acquisition/Rehab projects only)

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

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

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 2006 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 2006 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.

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 and 45% of monthly income for elderly households as a reasonable threshold for affordability. This data should be presented in table format, using the following example.

| | | | |
|------------------------------|------------------------------|------------------------------|------------------------------|
| 1 Person <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 special needs population)

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

VI. CONCLUSIONS AND RECOMMENDATIONS

- A. Conclusions

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

- B. Recommendations

Based on the findings summarized in the conclusion, provide 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

| Development Name/Address | Year Built | Total Units | Unit Type | Units By Type | Rent Range | Sq. Ft. Range | Rent/Sq. Ft. Range |
|--|-------------------|--------------------|------------------|----------------------|-------------------|----------------------|---------------------------|
| <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 |
|---|--------|--------------|-------------|---------------|----------------------------|-----------------------|------------------|-----------------------|-------------------|---------------------|
| City Apartments | McLean | 123-1234 | Elderly | 1 | Section 8 | 100 | 100 | Adequate | 100% | 50% of median |

ATTACHMENT 2

State of Illinois

2006 & 2007 Draft Qualified Allocation Plan

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

I. PROPOSED DEVELOPMENT

G. Developer

Provide the name and address of developer or sponsor.

H. General Description

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

I. General Location

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

J. Site Description

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

K. Description of Site Improvements

4. Buildings: Describe the number of buildings, stories and type (*highrise, midrise, etc.*). Evaluate the appropriateness of the building design for the intended tenant base.

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

2. Supportive Services: Describe the supportive services to be offered at the development. Determine whether these services are appropriate and sufficient

for the intended tenant base.

L. Apartment Details

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

II. FIELD OBSERVATIONS

A. Site

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

III. MARKET AREA CHARACTERISTICS:

A. Market Area

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

C. 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 items for which the developer expects to receive points, as listed under the Scoring Categories (Surrounding Site Amenities) in the 2006 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.

POTENTIAL MARKET

Penetration Rate

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

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

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 or call (312) 836-5374. Similar data is also available on the IHDA web page @ 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).

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

| Development Name/Address | Year Built | Total Units | Unit Type | Units By Type | Rent Range | Sq. Ft. Range | Rent/Sq. Ft. Range |
|---------------------------------|-------------------|--------------------|------------------|----------------------|-------------------|----------------------|---------------------------|
|---------------------------------|-------------------|--------------------|------------------|----------------------|-------------------|----------------------|---------------------------|

| | | | | | | | |
|---|------|-----|--------------|---------|----------|--|--|
| <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.:

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ATTACHMENT 3
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Site and Market Study Format

I. PROPOSED DEVELOPMENT

M. Developer

Provide the name and address of developer or sponsor.

N. 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*).

O. 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*).

P. 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.

Q. Description of Site Improvements

5. 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.

1. 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.

2. 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.

3. 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.
4. Density: Provide the number of units per acre. Indicate whether the proposed density is appropriate for the market.
5. Zoning: Present zoning of the site and any applicable restrictions.
6. Other: Describe any other separate structures located at the development (*e.g. maintenance shed, separate clubhouse, etc.*).

R. 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.

C. 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.*).

D. 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 items for which the developer expects to receive points, as listed under the Scoring Categories (Surrounding Site Amenities) in the 2006 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 2006 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 2006 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 (For projects with deep subsidy only i.e. Section 8 or Section 515): Provide data pertaining to the proposed

project's current contract rents by unit type. Additionally, provide both a narrative and table discussion of comparable market-rate properties in terms of location, development size, amenities, and current rent levels by unit type.

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

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

AFFORDABILITY/DEMAND

A. Affordable Rent Analysis

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

| <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. Penetration Rate

Calculate the penetration rate for each income strata (*market rate, 80%, 60%, 50%, etc.*) proposed. Penetration rate is calculated as follows: divide the number

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

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

C. Absorption Rate

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

D. Housing Need

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

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

VI. IMPACT ON OTHER AFFORDABLE HOUSING AND MARKET RATE HOUSING

B. 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 or call (312) 836-5374. Similar data is also available on the IHDA web page @ 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).

APPENDIX

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

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

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

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

B. Affordable Housing Map

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

EXHIBIT 1

Comparable Properties

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

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 |
|---|--------|--------------|-------------|---------------|----------------------------|-----------------------|------------------|-----------------------|-------------------|---------------------|
| City Apartments | McLean | 123-1234 | Elderly | 1 | Section 8 | 100 | 100 | Adequate | 100% | 50% of median |

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**PHYSICAL NEEDS ASSESSMENT
GUIDANCE TO THE PROPERTY EVALUATOR**

DRAFT

Specific Guidance to the Property Evaluator

Purpose

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

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

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

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

This package explains how to use the set of forms provided by IHDA. An electronic version of these forms may be found on our website @ www.ihda.org under our Multifamily Family Financing sections. It is important to recognize that the forms are intended to help the evaluator conduct a comprehensive and accurate assessment. They also present the results of that assessment in a relatively standard format which will be useful to the lender in making underwriting decisions. However, the forms should not constrain the evaluator from fully presenting his or her concerns and findings. The forms should be used and supplemented in ways which facilitate the preparation and presentation of information useful to the lender regarding the physical needs of the property.

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

Terms of Reference Form

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

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

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

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

- *Market Issues* - In certain instances, market conditions may necessitate action on certain systems. Examples are early appliance replacement or re-carpeting, new entry paving, special plantings, and redecorated lobbies. If the owner or lender has identified such an action, the evaluator should include a cost estimation for such action and indicate what, if any, other costs would be eliminated by such action.
- *Work In Progress* - In some instances, work may be underway (which can be observed) or under contract. When known by the lender, this will be noted. For purposes of the report, such work should be assumed to be complete, unless observed to be unacceptable in quality or scope.

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

Systems and Conditions Forms

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

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

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

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

Using the Systems and Conditions Forms

Purpose

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

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

Items (EUL)

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

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

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

Age

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

Condition

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

Effective Remaining Life

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

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

Diff? (Difference)

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

Action

If any Action is required - immediately, over the life of the loan, or within two years thereafter - the Action should be recorded as *repair, replace, or maintain*. Repair is used when only a part of an item requires action, such as the hydraulics and/or controls of a compactor. Replace is used when the entire item is replaced. Maintain is used where special, non-routine maintenance

is required, such as the sandblasting of a swimming pool. In cases where a repair or maintenance may be needed now, and replacement or further maintenance may be needed later, separate lines may be used to identify the separate actions and timing.

Now?

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

DM (Deferred Maintenance)

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

Quantity

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

Field Notes

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

Sample Form

The following example from the Dwelling Unit Systems and Conditions form illustrates how this form is properly used. The example presumes an 11 story building containing 1 and 2 bedroom units. There are 100 units. The age of the building is 9 years. The term of the proposed loan is 10 years.

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

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

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

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

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

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

Evaluator's Summary Forms

Two separate forms are used to summarize the evaluator's conclusions from the Systems and Conditions Forms. One summarizes Immediate Physical Needs and the other summarizes the

Evaluator's Summary: Immediate Physical Needs

Physical Needs Over The Term +2 years.

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

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

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

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

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

Evaluator's Summary: Physical Needs Over the Term

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

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

estimated to be 4 years, or 3-5 years, one third of the cost of replacing the refrigerators may appear in each of Years 3, 4, and 5.

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

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

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

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

Special Repair and Replacement Requirements

While performing a property inspection, the evaluator must be aware that certain building materials and construction practices may cause properties to experience (or to develop in a short time period) problems that can be corrected only with major repairs or replacements.

The following identifies some specific construction related problems; however, the evaluator must be aware that other construction related problems may be found in any property and should be identified. If any of the following requirements are not met or if the evaluator determines that the following conditions (or others) are present, *the evaluator must contact the lender immediately to discuss the timing as well as the cost of the repairs or replacements.* The evaluator should ensure that any of these conditions are thoroughly addressed in the Physical Needs Assessment.

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

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

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

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

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

Narrative Conclusion and Attachments

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

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

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

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EXPECTED USEFUL LIFE TABLES

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

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

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

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

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

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

| EXPECTED USEFUL LIFE TABLE | | | |
|--|--------------------|---------------------|---------------|
| | Family Dev. | Elderly Dev. | Action |
| Oil Gas or Dual-fuel-fired Package, Low MBH | 30 | 30 | |

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

ARCHITECTURAL BARRIERS

| Code of Federal Regulations Number | Act/Section Application | Uniform Federal Accessibility Standards Apply (USFAS)* | |
|------------------------------------|---|--|--|
| 42 USC 4151-4157 | <p>Certain buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped.</p> <p>Projects financed with Federal funds including:</p> <ul style="list-style-type: none"> • Section 202/811 capital advances • All newly constructed low-income public housing projects or; • Public housing projects undergoing rehabilitation financed by Comprehensive Improvement Assistance Program (CIAP) funds. | Yes | |

**SECTION 504 OF THE REHABILITATION ACT OF 1973 Accessibility Law
Compliance Summary of HUD's Responsibility Laws**

| Code of Federal Regulations Number | Act/Section Application | Uniform Federal Accessibility Standards Apply (USFAS)* | Accessibility Requirements |
|------------------------------------|-------------------------|--|----------------------------|
| | | | |

| | | | |
|---------------|---|-----|---|
| 24 CFR Part 8 | <p>Projects receiving Federal financial assistance including:</p> <ul style="list-style-type: none"> • Section 202/811 capital advances • Section 8 project based assistance • Newly constructed public housing projects or; • Public housing projects undergoing rehabilitation financed by Comprehensive Improvement Assistance Program (CIAP) funds. | Yes | <p>New Construction (24 CFR 8.22 (6)):</p> <ul style="list-style-type: none"> • 5% or a minimum of one dwelling unit (DU) must meet <u>regulations</u> • An additional 2% or a minimum of one DU must meet <u>impairment regulations</u> <p>Substantial Alteration (24 CFR 8.32(a)):</p> <ul style="list-style-type: none"> • Buildings undergoing substantial alteration are one or more DU <u>and</u> the cost of the alterations is 75% cost. <p>Other Alterations / Clarifications (25 CFR 8.23(b)):</p> <ul style="list-style-type: none"> • Regulation states that alterations “shall to the maximum extent be made to be readily accessible to and usable by individuals with disabilities.” NOTE: This also applies to alterations to common areas to ensure the accessibility of existing housing facilities. • Alterations to DUs or common areas that affect access to housing facilities must be completed to allow access for all individuals with disabilities. • Owners and sponsors are not required to make the alterations if doing so would impose an undue financial or administrative burden on the operation of the multifamily housing project. • If alterations, when considered together, to single units amount to an alteration of a DU, the entire unit must be accessible. • If 5% of DU are readily accessible to the <u>mobility</u> regulations, additional alterations are necessary. This section is silent on whether additional requirements to include these alterations are necessary. However, additional requirements to include these alterations are necessary. (24CFR 8.23(b)(2)) |
|---------------|---|-----|---|

FAIR HOUSING AMENDMENTS ACT OF 1988

| Code of Federal Regulations Number | Act/Section Application | Uniform Federal Accessibility Standards Apply (USFAS)* | Accessibility Requirements |
|------------------------------------|--|--|---|
| Pub Law 101-336 | 24 CFR Part 100 Americans with Disabilities Act | No | <ul style="list-style-type: none"> • At least one unit must be on an accessible route unless i CFR 100.205(a) • All public and common use areas must be accessible. (24 CFR 100.205 (c)(21)) • All external and internal doors must be wide enough to access. (24 CFR 100.205 (c)(21)) • All dwelling units must contain the following features of <ul style="list-style-type: none"> ◊ Accessible route into and through the DU (24 CFR 100.205 (C)(3)(i)) ◊ Light switches in accessible locations (24 CFR 100.205 (C)(3)(ii)) ◊ Reinforcements in bathroom walls for grab bars and (24 CFR 100.205 (C)(3)(iii)) • Usable kitchens and bathrooms for persons in wheelchairs (C)(3)(iv)) <p>* Title III</p> |

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

2006 & 2007 SCHEDULE OF FEES*

1. Application Fee **\$500** for Projects with 25 or fewer units.
\$1,100 for Projects with more than 25 units.
\$1,100 for Projects with tax-exempt financing.
\$500 for Projects competing under the Nonprofit Set-Aside, regardless of the size of the Project.
 An additional fee is required for resubmitting an application denied in the first round in the second round.

2. Reservation Fee/
 Determination Fee **6.5%** of annual Tax Credit amount stated in the Reservation Letter for Projects competing under the Authority Housing Credit Ceiling.
6.5% of the annual Tax Credit amount identified in the Determination Letter for Projects financed with tax-exempt bonds.
 Minimum: \$500 One-Time

3. Modification Fee** **\$500** 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.
\$1,000 for changes to the characteristics of the Project, such as unit type, distribution, or targeting, or for changes to scoring criteria.
\$1,500 for issuance of amended IRS Form(s) 8609 due to an error in the submission of final Allocation documentation.
\$1,500 for an amended Carryover Allocation resulting from a change in building identification numbers or other modification which requires the preparation of an amended IRS Form 8610.

4. Monitoring Fee # Low-Income Units in Project Annual Fee

| | |
|------------|----------------|
| 1 - 10 | \$ 75 |
| 11 - 19 | \$150 |
| 20 or more | \$ 25 per unit |

5. Subsidy Layering Fee **\$1,000**

* 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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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.

ATTACHMENT 6 - CONTINUED

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 |
| Kankakee | Bradley, Bourbonnais, Kankakee | Stephenson | Freeport |
| Kendall | Oswego, Yorkville | Tazewell | Creve Coeur, East Peoria, Groveland, Marquette Heights, Morton, North Pekin, Pekin, Sunnyland, Washington |
| Knox | Galesburg | | |
| Macon | Decatur, Forsyth, Long Creek, Mt. Zion | Vermilion | Danville, Tilton |
| Madison | Alton, Collinsville, East Alton Edwardsville, Glen Carbon, Godfrey, Granite City, Hartford, Madison, Pontoon Beach, Roxana, So. Roxana, Venice, Wood River | Will | Bolingbrook, Crest Hill, Crete Forest Park, Frankfort, Lockport, Joliet, Mokena Monee, New Lenox Plainfield, Ridgewood, Romeoville, Steger, Shorewood, Tinley Park, University Park |
| 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 | | |

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ATTACHMENT 8

2006 PER UNIT COST LIMITATIONS

| Area Name & Counties | Bedrooms | Limit |
|---|-----------------|--------------|
| Champaign | 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 | | |
| Chicago | 0 BR | 94,987 |
| Cook, DuPage, Grundy, Kane, | 1 BR | 108,883 |
| Kankakee, Kendall, Lake, McHenry and Will | 2 BR | 132,403 |
| | 3 BR | 171,282 |
| | 4 + BR | 188,015 |
| East St. Louis | 0 BR | 83,679 |
| Madison and St. Clair | 1 BR | 95,921 |
| | 2 BR | 116,641 |
| | 3 BR | 150,892 |
| | 4 + BR | 165,632 |
| Peoria | 0 BR | 80,513 |
| Bureau, Fulton, Henderson, Henry, Knox, LaSalle, Marshall, McDonough, Mercer, Peoria, Putnam, Stark, Tazewell, Warren, and Woodford. | 1 BR | 92,291 |
| | 2 BR | 112,227 |
| | 3 BR | 145,182 |
| | 4 + BR | 159,365 |
| Quincy | 0 BR | 79,608 |
| Adams, Brown, Calhoun, Hancock, Pike, and Schuyler. | 1 BR | 91,254 |
| | 2 BR | 110,966 |
| | 3 BR | 143,551 |
| | 4 + BR | 157,575 |

ATTACHMENT 8 (Continued)

2006 Per Unit Cost Limitations

| Area Name & Counties | Bedrooms | Limit |
|--|-----------------|--------------|
| Rockford | 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 |
| Rock Island | 0 BR | 78,251 |
| Rock Island | 1 BR | 89,699 |
| | 2 BR | 109,075 |
| | 3 BR | 141,104 |
| | 4 + BR | 154,889 |
| Springfield | 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 |
| | 4 + BR | 159,365 |
| Sterling | 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 |
| ----- | |
| = | Total Eligible Basis |
| x | % Low Income Units (or Floor Space) |
| ----- | |
| = | Total Qualified Basis |
| x | 3.50% or 8.25% |
| ----- | |
| = | 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 8.25% is used for rehabilitation or new construction costs. The source of financing affects the percentage. If the source of financing is federal with a below market (AFR) interest rate, then the 3.50% level is used for the entire Project, even for the rehabilitation and new construction costs. The exceptions to this rule, where the 8.25% level still applies, are as follows: (1) CDBG loans; and (2) HOME loans where 40% of the units are set aside for persons with incomes at or below 50% of median family income (the project is ineligible for the 30% increase for qualified census tracts under this scenario).

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

*** In calculating the Tax Credit amount through Equity Gap method for 2006 & 2007, 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.