



**2014**

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

**STATE OF ILLINOIS**

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Governor

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## I) Definitions

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

**“42(m) Letter”** shall mean the letter from the Authority to an Owner evidencing that a Project being financed with the proceeds of tax-exempt bonds satisfies the requirements of the QAP and Section 42(m)(1)D of the Code.

**“8609”** shall mean IRS Form 8609.

**“Allocation”** shall mean the award of Tax Credits to a Project pursuant to Section 42. An Allocation may be made pursuant to a Carryover Allocation Letter or the issuance of IRS Form(s) 8609.

**“Abandoned and Foreclosed Single Family Housing”** shall mean a single structure containing from one (1) to six (6) connected units under a common roof:

In which the mortgage or tax payments are at least 90 days delinquent, or

- For which a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notifications of the deficiencies; or
- That is subject to a court-ordered receivership or nuisance abatement related to abandonment pursuant to state or local law; or
- For which foreclosure proceedings have been initiated; or
- For which foreclosure proceedings have been completed and title transferred to an intermediary aggregator or servicer that is not an end user.

**“Architect of Record”**, shall mean the architect licensed by the State who has the contract responsibility for the Project, who prepares the construction documents from which the building is constructed, and who signs the required documents.

**“Area Median Income”, (“AMI”)** shall mean the median income of the County in which the Project is located, or the metropolitan statistical area of Chicago, or the metropolitan statistical area of St. Louis, adjusted for family size, as such adjusted income and median income for the area are determined from time to time by HUD for purposes of Section 8 of the United States Housing Act of 1937.

**“Application”** shall mean an entire set of required and requested documents, in paper and electronic form, as prescribed in this QAP and submitted by a Sponsor to the Authority.

**“Authority”** shall mean the Illinois Housing Development Authority.

**“Board”** shall mean the Members of the Authority.

**“Boost”** shall mean up to a thirty percent (30%) boost to the eligible basis of the Project.

**“Carryover Allocation”** shall mean the Allocation for a Project which is not expected to be Placed in Service in the year of the initial Allocation, made pursuant to the provisions of Section 42(h)(1)(E) of the Code.

**“Carryover Allocation Letter”** shall mean the written documentation from the Authority to an Owner making a Carryover Allocation for that Owner's Project.

**“Cash Flow after Debt Service”** shall mean the difference of the Project’s net operating income and total debt service exclusive of cash flow notes.

**“Code”** shall mean the Internal Revenue Code of 1986, as amended, and the regulations, notices, revenue rulings and other official pronouncements promulgated under it, all as they may be amended from time to time.

**“Common Application”** shall mean the electronic document of the same name published by the Authority and used in the collection and analysis of information regarding the Project.

**“Compliance Period”** (notwithstanding Section 42(i)(1) of the Code) means the period of 15 consecutive taxable years beginning with the first taxable year of the Credit Period.

**“Conditional Allocation”** shall mean an Allocation of Tax Credits to a Project that remains subject to conditions prior to the issuance of IRS Form(s) 8609.

**“Consolidated Plan”** shall mean a HUD approved 3- to 5-year plan describing the jurisdiction’s community development priorities and multiyear goals based on an assessment of housing and community development needs, an analysis of housing and economic market conditions and available resources.

**“Credit Ceiling”** shall mean the amount of Tax Credits available for Allocation by the Authority for any calendar year, as provided in Section 42.

**“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.

**“Debt Service Coverage Ratio”** shall mean the quotient of the Project’s net operating income and total debt service exclusive of cash flow notes.

**“Demand Responsive Transit”, (“DRT”)** shall mean shared use transit service operating in response to calls from passengers or their agents to the transit operator, who schedules a vehicle to pick up the passengers to transport them to their destinations. The vehicles do not operate over a fixed route or on a fixed schedule. Also known as Dial-a-Ride.

**“Determination”** shall mean the specific amount of Tax Credits determined for a Project, as evidenced by a Determination Letter, which the Authority may allocate to the Project.

**“Determination Letter”** shall mean the letter from the Authority to an Owner evidencing that a Project applying for a 42(m) Letter satisfies the requirements of the QAP and Section 42(m)(1)D of the Code, if undertaken in the manner stated in the Application, and outlining the requirements which must be met in order to receive a 42(m) Letter.

**“Elderly”** shall mean housing (i) intended for, and solely occupied by, persons age 62 or older; or (ii) intended and operated for occupancy by at least one person age 55 years or older per unit, and at least 80% of units within the Project 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"** shall mean two or more of the following: social and recreational programs, continuing education, information and counseling, recreation, homemaker, outside maintenance and referral services, an accessible physical environment, emergency and preventive health care programs, congregate dining facilities, transportation to facilitate access to social services and facilities available to them.

**"Extended Use Agreement"** shall mean the agreement executed by and between the Authority and the Owner, which is binding upon the Owner and all successors to the Owner, and which requires that the Project comply with the requirements of Section 42, the QAP, the Application and the Authority.

**"Extended Use Period"** means the period beginning with the first day of the Compliance Period and ending on the date which is 15 years after the end of the Compliance Period unless otherwise indicated in the Extended Use Agreement or unless terminated in accordance with the Extended Use Agreement.

**"Extremely Low Income"** shall mean a household income that falls between fifteen percent (15%) and thirty percent (30%) of the AMI for the area in which a Project is located.

**"HUD"** shall mean the United States Department of Housing and Urban Development

**"IAHTC"** shall mean Illinois Affordable Housing Tax Credits, or state donation tax credits.

**"Identity of Interest"** shall mean the existence of any of the following conditions:

- When one or more of the officers, directors, stockholders, members, or partners of the Owner is also an officer, director, stockholder, member, or partner of any other Participant;
- When any officer, director, stockholder, member or partner of the Owner has any financial interest whatsoever in any other Participant;
- When any Participant advances any funds to the Owner;
- When any Participant provides and pays, on behalf of the Owner, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by any other Participant in connection with its obligations under its contract with the Owner;
- When any Participant takes stock or any interest in the Owner entity as part of the consideration to be paid him/her;

**"IRS"** shall mean the Internal Revenue Service

**"Low Income"** shall mean a household income that is less than or equal to 60% of the AMI for the area in which a Project is located.

**"Material Participation"** shall mean the regular, continuous and substantial involvement in the operation of the development throughout the Compliance Period, as defined in Section 469(h) of the Code and the regulations promulgated under the Code, codified at 26 CFR § 1.469-5T.

**"Owner"** shall mean the single purpose entity, organized under the laws of the State of Illinois, or any other state, that is awarded Tax Credits for a Project pursuant to this QAP and which owns or will own the Project. The Owner shall be owned or controlled by the Sponsors.

**“Participant”** shall mean a member of the Project’s development team, including Sponsor, general contractor, architect, property manager, and consultant.

**“Permanent Supportive Housing”** shall mean a Project with a preference or restriction for Supportive Housing Populations that includes supportive services that helps people live stable, successful lives. Supportive Services must be appropriate to the needs and preferences of residents, available either on-site or closely integrated with the housing, the acceptance of which is not a condition of tenancy,

**“Placed in Service”** shall have the following meaning, based on the Project type:

- New construction Projects: A building is determined to be Placed in Service when the first unit is ready for occupancy.
- Rehabilitation Projects: The Placed in Service date for a rehabilitation building is the date established by the Owner at the end of any 24-month period within which the Tax Credit rehabilitation expenditure threshold (the greater of \$3,000 per Low Income unit or ten percent of acquisition cost) has been satisfied.
- Acquisition Projects: An existing building is normally Placed in Service upon acquisition. However, if the building is not in habitable condition, it will not be Placed in Service until restored. Note, however, that even though an occupied building is Placed in Service when it is acquired, its Credit Period cannot begin until the beginning of the Credit Period for the related rehabilitation expenditures.

**“Preliminary Project Assessment” “PPA”** shall mean an entire set of required and requested documents for a Site, market and project review, in paper and electronic form as prescribed in the QAP and the Website.

**“PHA”** shall mean the Public Housing Authority whose jurisdiction includes the Project.

**“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 QAP and the Authority.

**“QAP”** shall mean this Low Income Housing Tax Credit Qualified Allocation Plan, as required under Section 42.

**“Qualified Contract”** shall mean a bona fide contract to acquire the Project as defined in Section 42(h)(6)(F) of the Code and subject to the provisions of the Code.

**“Qualified Non-Profit Corporation”** shall mean a corporation which is not affiliated with or controlled by a for-profit corporation, has an ownership interest in the Project either directly or through a wholly-owned subsidiary, and has as one of its exempt purposes the fostering of low-income housing within the meaning of Section 42(h)(5)(C)

**“Reservation”** shall mean the specific amount of Tax Credits reserved for a Project, as evidenced by a Reservation Letter, which the Authority may allocate to the Project.

**“Reservation Letter”** shall mean the letter from the Authority to an Owner conditionally binding the Authority to make an Allocation of Tax Credits in a specific amount for that Owner’s Project.

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**“Revitalization Plan”** shall mean a concerted plan for community redevelopment that includes housing policy goals.

**“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.

**“Site”** shall mean a parcel of land on which the Project will be developed, described by a unique legal description which will be encumbered by the Extended Use Agreement. A Project may consist of multiple Sites.

**“Supportive Living Facility” or “SLF”** shall mean a residential setting that meets the requirements of Subpart B of 89 Illinois Administrative Code 146.

**“Sponsor”** A duly formed, validly existing entity, organized under the laws of the State of Illinois, or any other state, that is applying for Tax Credits for a Project pursuant to this QAP. The Sponsor shall control the Owner of the Project and shall not be a single purpose entity. Project consultants and other like professionals shall not be considered as Sponsors.

**“State”** shall mean the State of Illinois.

**“State Referral Network Units”** shall mean Permanent Supportive Housing units, or units within a SLF that has been approved by the Illinois Department of Healthcare and Family Services, which are vacant at the time of Application, remain vacant through the construction period, are not subject to an existing waiting list, and are for households earning at or below 30% of Area Median Income (AMI) which are referred through a State referral network, represented by an assigned lead referral agency.

**“Supportive Housing Populations”** shall mean households headed by person(s) with any type of disability, households that are homeless or at-risk of homelessness, or households that need access to supportive services in order to maintain housing.

**“Tax Credits”** shall mean federal low income housing tax credits, as authorized by Section 42.

**“Ten Percent Test”** shall mean ten percent (10%) of the reasonably expected basis, as defined in Section 42.

**“Waiver of 4% Feasibility”** shall mean the document provided by the Authority for developments which have met the requirements set forth in Section VII.B. of the QAP.

**“Walk Score”** shall mean the number score generated by [www.walkscore.com](http://www.walkscore.com) for the Site(s).

**“Website”** shall mean <http://www.ihda.org/>



## II) General Provisions

### A) Changes to QAP

The Authority reserves the right to amend, modify, withdraw or update provisions of the QAP, including attachments, at any time to administer the Tax Credit program.

If any part of this QAP is determined not to be in compliance with Section 42 or any other applicable codes or statutes, only that non-compliant part shall be considered as being out of compliance with Section 42 and the remainder of the QAP shall remain in effect.

### B) Authority Rights

The Authority reserves the right to limit the number of Projects recommended for Tax Credits in any Set-Aside.

The Authority reserves the right to limit the number of Projects recommended for Tax Credits for any given Sponsor.

The Authority reserves the right to limit the number of Projects recommended for Tax Credits in any area where the Authority has previously allocated resources.

The Authority reserves the right to make Tax Credit Reservations from the upcoming calendar year Credit Ceiling (a "Forward Reservation") under this QAP.

The Authority reserves the right to verify any information submitted in an Application.

In keeping with the State's Comprehensive Housing Planning Act (310 ILCS 110), the Authority may issue a Reservation to a Project(s) selected by the Authority in response to a Notice of Funding Availability (NOFA) issued by the Interagency Subcommittee of the Illinois Housing Task Force. The amount reserved will not exceed ten percent (10%) of the total Authority Credit Ceiling. Any Project recommended by the Interagency Subcommittee must meet the requirements of this QAP, excluding the Scoring Categories section.

### C) Authority Limitations

The Tax Credit program is a regulated and highly complex program. Final interpretations of certain rules and regulations governing various aspects of the program have not been issued. As such, additional requirements or conditions applying to the Tax Credit program may be forthcoming.

It is the responsibility of the Owner to be knowledgeable of Section 42 of the Code, regulations and administrative documents (rulings, notices, and procedures), and all relevant materials published by the IRS.

It is strongly suggested that prospective Owners interested in the Tax Credit program contact their tax accountant and/or attorney prior to the development of Projects under the Tax Credit program. While the Authority will assist those applying for an Allocation of Tax Credits, the Authority will not provide tax or legal advice.

The Authority's review of an Application is solely for its own purposes, and the Owner of a Project may not rely upon the Authority's review as evidence of such Project's compliance with federal or State law. The Authority's Allocation of Tax Credits for a Project shall not constitute a representation or warranty that the Project complies with Section 42 or any other laws and regulations governing Tax Credits. The Owner is responsible to ensure that the Project complies with all such laws and regulations.

**D) Title VIII of the Civil Rights Act of 1968**

Title VIII of the Civil Rights Act of 1968, as amended (Fair Housing Act), prohibits discrimination in the sale, rental, or financing of dwellings and in other housing-related activities on the basis of race, color, religion, sex, disability, familial status, or national origin.

HUD, to which Congress gave the authority and responsibility for administering the Fair Housing Act and the power to make rules implementing the Fair Housing Act, has long interpreted the Fair Housing Act to prohibit housing practices with a discriminatory effect, even where there has been no intent to discriminate.

Applications for Projects determined to have a discriminatory effect in violation of the Fair Housing Act will be denied. Furthermore, the Authority reserves the right to waive any provision or requirement of the QAP in order to affirmatively further fair housing.

**E) Application Disclosures**

**1) Limitation of Acceptance of Submission**

Acceptance of a Preliminary Project Assessment or Application shall not be construed to be a representation or warranty by the Authority as to the feasibility, viability, or lack thereof, of any Project.

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

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

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

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

**4) Notification of Elected Officials**

Upon receipt of an Application, the Authority will send notification letters to publicly elected officials and agencies. In the event the notification letters generate questions or comments, the Project Owner may be required to respond.

### **III) Introduction**

#### **A) Purpose of the QAP**

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

The Authority is an allocating agency for the Tax Credit program in the State. Pursuant to Section 42 of the Code, the QAP describes criteria the Authority considers in evaluating Projects applying for an Allocation of Tax Credits.

The QAP addresses the process for obtaining Tax Credits either through the issuance of a 42(m) Letter for projects financed through the issuance of tax-exempt bonds (4% Tax Credits) or through the competitive selection process (9% Tax Credits).

#### **B) Code Required Selection Criteria, and Preferences**

Section 42(m) of the Code requires the Authority to include the following Project selection criteria in the QAP:

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

Section 42(m) of the Code requires the Authority to give preference in allocating Tax Credits to:

- Projects serving the lowest income tenants
- Projects obligated to serve qualified tenants for the longest periods
- Projects which are located in qualified census tracts and the development of which contribute to a Revitalization Plan

**C) State Comprehensive Housing Planning Act**

The State's Comprehensive Housing Planning Act (310 ILCS 110), established the first statewide comprehensive housing initiative and appointed the Housing Task Force to improve the planning and coordination of the State's housing resources. The following six (6) underserved populations were identified:

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

**D) Authority Priorities**

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

Multiple Authority priorities are contained within the scoring criteria set forth in the Scoring section of this QAP.

## IV) Tax Credit Information

### A) Tax Credit Calculation

Section 42(m) of the Code requires the Authority to ensure the amount of Tax Credits allocated to a Project does not exceed the amount necessary to assure Project feasibility.

The Authority will review the amount of Tax Credits a Project is eligible to receive using both the qualified basis method and equity gap method.

See Sample Calculation of Both Methods on the Website for an example.

The Authority review of the amount of Tax Credits will be ongoing from Application through the issuance of 8609 and may result in a reduction to the amount of Tax Credits the Project receives.

### B) Applicable Percentage

The applicable percentage for Tax Credit Projects is subject to adjustment based on the nine percent (9%) and four percent (4%) applicable federal percentages, which are reported monthly by the IRS. Applications must use the applicable percentage for the month in which the Application is submitted.

The applicable percentage rate can be locked on the date of Reservation, or the date of Placed in Service for the Project.

### C) Code Provided Eligible Basis Boost

Projects that meet one of the following criteria below are eligible for a Boost under the Code:

#### 1) 9% Tax Credit Projects

##### Qualified Census Tract Projects

Projects located in a Qualified Census Tract are eligible for a Boost.

See the Qualified Census Tracts form on the Website for a listing of the eligible areas.

However, in no cases can an Application request an Allocation of Tax Credits based on a Boost or in excess of the limits contained in Section IV E below.

#### 2) 4% Tax Credit Projects

##### Qualified Census Tract

Projects located in a Qualified Census Tract are eligible for a Boost.

See "Qualified Census Tracts" form on the Website for a listing of the eligible areas.

### D) Discretionary Eligible Basis Boost

The Authority reserves the right to provide a discretionary Boost as follows:

**1) 9% Tax Credit Projects**

**Financial Feasibility**

The Authority may provide a discretionary Boost and Tax Credit Allocation in order to effectively manage its resources or to make a Project financially feasible.

In no cases can an Application request an Allocation of Tax Credits based on a Boost or in excess of the limits contained in Section IV E below.

**2) 4% Tax Credit Projects**

**Not Applicable**

The Authority cannot provide a discretionary Boost to 4% Tax Credit Projects.

**E) Maximum Tax Credit Request**

Regardless of a Project's eligible basis and its eligibility for a Boost under the Code, all Projects are limited to the following maximum Tax Credit requests:

**1) 9% Tax Credit Projects**

The maximum amount of Tax Credits for which a Project may apply is the lesser of the following:

- a total Allocation of 1,500,000; or
- 28,500 Tax Credits per unit; or
- the Tax Credit amount supported by the Project's eligible basis net of a Boost; or
- the Tax Credit amount supported through the equity gap method

**2) 4% Tax Credit Projects**

The maximum amount of Tax Credits for which a Project may apply is the lesser of the following:

- The Tax Credit amount supported by the Project's eligible basis; or
- the Tax Credit amount supported through the equity gap method.

## V) Credit Ceiling and Set-Asides

### A) Credit Ceiling

#### 1) 9% Tax Credit Projects

The Authority anticipates approximately 28 million in 9% Tax Credits available for Allocation.

In accordance with Section 42 and Treasury Regulation 1.42 - 14, these Tax Credits consist of:

- Approximately 22 million in per capita Tax Credits allocated to the Authority
- Approximately 6 million in per capita Tax Credits allocated directly to the City of Chicago

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

#### 2) 4% Tax Credit Projects

The amount of 4% Tax Credits available through the issuance of a 42(m) Letter for Projects financed through the issuance of tax-exempt bonds is determined by a combination of the Project's eligible basis and the amount of tax exempt private activity bonds that are issued for Projects.

### B) Set-Asides

Anticipated approximate 9% Tax Credit Allocation goals for each set-aside are as follows:

| <b>Set-Aside</b>                              | <b>Allocation Goal</b> |
|---|------------------------|
| City of Chicago (the Authority)               | 14%                    |
| Chicago Metro (AHPAA Opportunity Areas)       | 17%                    |
| Chicago Metro (non-AHPAA)                     | 15%                    |
| Other Metro                                   | 18%                    |
| Non-Metro                                     | 20%                    |
| Statewide                                     | 16%                    |
| Authority Allocated Per-Capita 9% Tax Credits | 100%                   |

Upon evaluating all Projects and determining the most effective use of available Tax Credits, the Authority may choose to modify any of these allocation goals including, but not limited to, limiting the number of Projects or amount of Tax Credits allocated in any set-aside, regardless of the Project's score and how its score relates to all other Projects.

#### 1) Geographic Tax Credit Set-Asides

The City of Chicago geographic set-aside consists of the City of Chicago.



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The Chicago Metro (at risk or subject to AHPAA) set-aside consists of the areas within the counties of Lake, DuPage, Kane, McHenry, Will, and Cook, excluding the City of Chicago, that are at risk or subject to AHPAA. For a list of areas at risk or subject to AHPAA see “AHPAA Municipalities” on the Website.

The Chicago Metro (not at risk or subject to AHPAA) set-aside consists of the areas within the counties of Lake, DuPage, Kane, McHenry, Will, and Cook, excluding the City of Chicago, that are not at risk or subject to AHPAA.

The Other Metro set-aside consists of areas identified as Other Metro. For a list of the areas identified as Other Metro, see “Other Metro Municipalities” on the Website.

The Non-Metro set-aside consists of all other areas of the state not included in the City of Chicago, Chicago Metro (at risk or subject to AHPAA), Chicago Metro (not at risk or subject to AHPAA), or Other Metro set-asides.

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

Applications will be competitively evaluated within the applicable geographic set-aside.

Owners cannot apply for or request an award of Tax Credits under the Statewide set-aside.

The Authority may choose to allocate Tax Credits under the Statewide Set-Aside to (1) Projects that fulfill certain housing policy goals, as designated by the Authority, (2) Projects whose competitive score in a geographic set-aside is such that the Project would not otherwise be awarded Tax Credits, or (3) Projects located in a geographic set-aside where the total amount of Tax Credits available is less than the total amount of Tax Credits requested.

## **VI) Preliminary Project Assessment**

All Projects seeking Tax Credits, either through the issuance of a 42(m) Letter for Projects financed through the issuance of tax-exempt bonds (4% Tax Credits) or through the competitive selection process (9% Tax Credits), must complete a Preliminary Project Assessment, prior to the submission of an Application, as follows:

### **A) Preliminary Project Assessment**

Prior to submission of an Application, all Projects are subject to a Preliminary Project Assessment (“PPA”) process.

Information regarding the PPA is available on the Website. PPAs are due and accepted according to the schedule posted on the “Program Timelines” page of the Website.

#### **1) Overview**

PPA documentation contains basic information regarding Project concept and design, location, and the proposed tenant population.

If the PPA is not approved by the Authority, an Application for the Project will not be accepted by the Authority.

The Authority’s determination that the current Project, Site, and/or market characteristics are not appropriate should not be construed as a finding that the Project is not feasible or the Site is not buildable under any circumstances, or that the market will never be appropriate for a proposed Project.

At the same time, a determination that a Project meets the Authority’s PPA review standards does not constitute or guarantee an Allocation of Tax Credits or approval of any other Authority resources.

#### **2) Evaluation**

The Authority may take the following into consideration:

##### **a) Project and Site Characteristics**

- Project scope
- Project design and layout
- Aesthetic compatibility to existing neighborhood
- Availability of and access to appropriate public and community services and amenities
- Potential development concerns located on, adjacent to, or near the Site
- Consistency with Authority initiatives and objectives

**b) Project Market:**

- Market demand for the Project as evidenced by prevalence of similar unit types, tenant targeting, market area trends, etc;
- Occupancy levels at existing affordable housing developments;
- Impact on existing or approved affordable housing developments;
- Location in a community / municipality where Authority funding sources or tax credits are invested in over ten percent (10%) of the rental stock;
- The prevalence / concentration of all types of affordable housing (not just units funded by the Authority or units with rent restrictions) in the primary market area;
- Project is located in a project area (defined in this circumstance as the census tract where Project is located and the immediately adjacent census tracts) where the rental units (including non-rent-restricted units) affordable to households with income levels matching those targeted by the proposed Project exceed 60% of the total rental units.

The number of affordable rental units will be determined by an analysis of the 'Gross Rent' data available in American Community Survey ("ACS") 5-Year Estimates. The number of occupied rental units with a 'Gross Rent' below-various levels of Area Median Income ("AMI") (30% AMI, 50% AMI, 60% AMI and 80% AMI), assuming households can afford to pay 30% of their monthly income towards rent, will be counted for every census tract in the State. This information will be calculated annually and published as an "Affordable Rental Unit Survey" on the Website. This list will be updated upon the availability of updated ACS data, but applicants will only be held to the standard published on the Website at the time of the PPA submittal;

- The current population, demographic and income trends of the primary market area as indicated by the ACS, Census, and other common data sources; and
- **OPTIONAL:** Demonstration of a Project's fit in an existing planning effort (for the purposes of this section only; "the plan") as evidenced by the submission of a locally adopted plan that conforms to the standards discussed below.

**PLEASE NOTE:** Submittal of a plan for the PPA is strictly optional and is not related to the Revitalization Plan discussed in the Scoring Section of the QAP. Submittal of a plan for PPA consideration does not equate submittal of a Revitalization Plan for an Application. There is no penalty if the Project is not part of a local plan.

A plan should **ONLY** be submitted if the Sponsor believes that the Project plays a key role in the plan and if the plan helps bring to light local activity that is not realized by the other market evaluation metrics listed above. Submission of a plan does not guarantee PPA approval.

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Acceptable planning documents include, but are not limited to comprehensive plans, land bank authority plans, transit oriented development plans, interjurisdictional plans, and other locally designated and approved plans subject to Authority review and approval.

In general non-planning material (i.e. newspaper articles, memos, letters, etc.) and incomplete planning documents (i.e. Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis, community input, maps, memos, etc.) an unadopted plan will **NOT** be considered in lieu of a plan **with the following exception**: documentation demonstrating recent (within the last 5 years) chronological development efforts in support of the proposed Project will be reviewed providing the documentation conforms to items #3 and #4 below;

- 1) The plan must be formally adopted by a public entity local to the Project (municipality, county, regional authority, etc.) and evidence of this adoption (in the form of a resolution or other documentation demonstrating this approval) must be provided;
- 2) The plan must discuss housing that is affordable to low-income residents;
- 3) The submittal must include a map clearly showing the Project Site(s) within the boundaries of the plan / project area; and
- 4) The submittal must be accompanied by a brief summary that indicates the exact page numbers relevant to the Project.

### 3) Results

The Authority will issue an approval or denial letter for each PPA submitted.

In some cases a Project may receive a PPA approval with conditions. In these cases, an Application will not be reviewed if the conditions described in the PPA approval are not met in the Application.

PPA approvals for Projects seeking 4% Tax Credit Determinations are valid for twelve (12) months after they are issued. The Authority may rescind a PPA approval before the Project's Application is submitted, primarily but not exclusively based on Authority allocation of resources in the market area which impact the Project's market conditions. Sponsors will be notified in writing if a PPA approval has been rescinded.

PPA approvals for Projects seeking a reservation of 9% Tax Credits are valid for the corresponding Application round(s) in the current allocation year. The Authority may rescind a PPA approval, primarily but not exclusively based on Authority allocation of resources which impact the Project's market conditions between Application rounds. Sponsors will be notified in writing if a PPA approval has been rescinded.

#### **4) Changes between PPA and Application**

The Authority expects the Application for a Project with an approved PPA to be substantially similar to the Project as approved under the PPA.

In no case will a Project which has changes to Site(s), population served, or construction type be considered as having an approved PPA.

The Authority recognizes some Project changes may occur after PPA approval and prior to Application, and may consider the following changes permissible:

- A decrease to the total number of units;
- A maximum 10% increase to the total number of units
- A maximum 10% increase or decrease to the number of affordable units;
- A maximum 10% increase or decrease to number of units of any bedroom size;
- Modification of income restrictions to increase the number of units for lower-income households;
- Site plan modifications due to local requirements;
- Changes requested by the Authority;

If changes are above the maximums or outside the parameters listed above, a formal request for approval should be made in writing to Authority.

## VII) Application Process

All Projects with an approved PPA seeking a Tax Credit Allocation, either through the issuance of a 42(m) Letter for Projects financed through the issuance of tax-exempt bonds (4% Tax Credits) or through the competitive selection process (9% Tax Credits), are subject to the following Application process steps:

### A) Application Submission

Applications are due and accepted according to the schedule posted on the “Program Timelines” page of the Website.

Applications are accepted in person or via delivery service at the following address:

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

In order to effectively manage the Tax Credit program, the Authority reserves the right to adjust the deadlines and hold additional Application rounds.

### B) Waiver of 4% Feasibility

All acquisition/rehabilitation Projects that have existing federal project-based rental assistance contract on 50% or more of the units are **NOT** eligible to apply for 9% Tax Credits **unless** a Waiver of 4% Feasibility is obtained.

Follow the steps below to obtain a Waiver of 4% Feasibility:

- Submit a PPA (with fee) according to the 4% Tax Credit Program Timeline, available on the Website.
- Upon PPA approval, submit the Common Application (Excel form on the Website) to be reviewed for feasibility. Allow three (3) weeks from submission of a complete Common Application for review.
- If the Project is deemed feasible as a 4% Tax Credit Determination, applicable Application fees will be requested to move forward as for a 4% Determination Letter.
- If the Project is deemed infeasible for 4% Tax Credit Determination, a Waiver of 4% Feasibility will be issued and the Project may submit an Application according to the 9% Tax Credit Program Timeline.
- The Project’s initial PPA approval will remain in effect for the calendar year in which it was issued or until rescinded by the Authority.

### C) Application Checklist

The Application must include all documentation in the Application Checklist form available on the Website based on the type of request as follows:

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| <u>Tax Credit Type</u> | <u>Project Type</u>  | <u>Application Checklist</u> |
|------------------------|--|------------------------------|
| 9%                     | All 9% Tax Credit requests   | Full                         |
| 4%                     | The Authority is the bond issuer and a lender  | Full                         |
| 4%                     | The Authority is the bond issuer but not a lender                                      | Conduit                      |
| 4%                     | The Authority is not the bond issuer and is only issuing a 4% Tax Credit Determination | Conduit                      |

**D) Application Fees**

The Multifamily Fee Payment Form, available on the Website, contains all current fee information. Fees for HOME, Trust Fund and IAHTC are not due at the time of a Tax Credit Application.

Application fees for HOME, Trust Fund and IAHTC will be collected after approval of an Allocation of Tax Credits and prior to consideration for those resources.

**E) Application Materials**

Applications must be clear, unambiguous, and complete, and include all attachments and supporting materials.

Applications must be submitted using current Application forms and documents. Current Application forms and documents are available in the “Frequently Used Forms and Documents” section on the Website.

Unless otherwise indicated, all documentation submitted must be signed and dated within six (6) months of the Application deadline.

Applications must be submitted both paper and electronic formats of the Application, as follows:

**1) Paper Application**

The paper Application must include printed copies of all documentation required per the QAP and the Application Checklist, including printed copies of all attachments and supporting materials, placed in an adequately sized accordion file folder tabbed to correspond with the enumeration outlined in the Application Checklist.

**2) Electronic Application**

The electronic Application must be an identical replica of the entire paper Application in PDF format submitted on a flash drive.

Each tabbed section corresponding with the enumeration outlined in the Application Checklist must be saved as an individual PDF file with a meaningful file name corresponding to the enumeration outlined in the Application Checklist.

In addition, an electronic version of the Common Application in Excel format must also be included on flash drive.

## **F) Application Evaluation**

Applications will be evaluated as follows:

### **1) Completeness Review**

Projects will be reviewed solely on the basis of the materials contained in the Application. Application materials submitted after the Application deadline or apart from a complete Application as described herein will not be accepted.

If the Application is not clear, unambiguous, and complete, including all documentation required per the Application Checklist and QAP, and all attachments and supporting materials, it may be rejected.

If the Application does not include all applicable fees and the required signatures on all documents it may be rejected.

### **2) Mandatory Review**

Applications will be reviewed to determine if they meet the mandatory requirements set forth in the Mandatory section of this QAP.

If the Authority determines that an Application fails to meet one or more of the mandatory requirements, the Application will be rejected.

### **3) Scoring Review**

Applications for 9% Tax Credits will be ranked and reviewed according to the scoring criteria set forth in the Scoring section of this QAP within each geographic set-aside based on Project location.

## **G) Conditional Allocation of Tax Credits**

Prior to the issuance of IRS Form 8609, Projects selected for Tax Credits, either through the issuance of a 42(m) Letter for Projects financed through the issuance of tax-exempt bonds (4% Tax Credits), or through the competitive selection process (9% Tax Credits), will be considered to have a Conditional Allocation of Tax Credits.

All Projects receiving a Conditional Allocation of Tax Credits remain subject to the requirements in the QAP, including, "VIII 9% Tax Credit Reservations, Carryover, and 10% Test" for 9% Tax Credit Projects, "IX 4% Tax Credit Determinations" for 4% Tax Credit Projects, and "X Project Modifications and Revocations", and "XI Extended Use Agreement, Placement in Service, and 8609" for all Projects.



## **VIII) 9% Tax Credit Reservations, Carryover, and 10% Test**

All Projects receiving a Conditional Allocation of Tax Credits through the competitive selection process (9% Tax Credits), are subject to the following:

### **A) 9% Tax Credit Reservations**

#### **1) Reservation Letter**

An Authority-prepared Reservation Letter will be issued following Board approval stating the amount of the Reservation and specifying the conditions, documentation, and timelines that must be satisfied prior to the issuance of a Carryover Allocation Letter, if applicable, and IRS Form 8609, including payment of a non-refundable Reservation fee. For information regarding the amount of the Reservation fee, see the Multifamily Fee Payment Form.

Required documentation includes, but is not limited to the following from the Website:

- Compliance Monitoring Fee Agreement
- Election of Low Income Housing Tax Credit Rate for Tax Credit Projects with Acquisition Rate Credits. (if applicable)

#### **2) Request for Extension**

The Authority may extend the time for meeting the conditions set forth in the Reservation Letter.

The Owner must submit a written request and explanation for an extension.

Failure to meet the conditions set forth in the Reservation Letter or to obtain Authority approval for an extension to meet the conditions set forth in the Reservation Letter may result in a revocation of the Conditional Allocation.

#### **3) Reservation Late Fee**

Projects approved for an extension to meet the conditions set forth in the Reservation Letter will be subject to late fees.

For information regarding the amount of the late fees, see the "Multifamily Fee Payment Form", found on the Website.

### **B) 9% Tax Credit Carryover Allocations**

A Carryover Allocation is required for all Projects that will not be Placed in Service during the year in which a Reservation Letter is issued.

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

The Authority will issue a Carryover Allocation Letter near the end of the year in which the Project received a Reservation that will specify the conditions, documentation, and timeline to make the Carryover Allocation.

Required documentation includes, but is not limited to, current Site control for the Project satisfactory to the Authority in its discretion, and the following available on the Website:

- Carryover Allocation Checklist
- BIN Assignment Form
- Gross Rent Floor Election Form
- Reasonably Expected Basis Form

### **2) Request for Extension**

The Authority may extend the time for meeting the conditions set forth in the Carryover Allocation Letter.

The Owner must submit a written request and explanation for an extension.

Failure to meet the conditions set forth in the Carryover Allocation Letter or to obtain Authority approval for an extension to meet the conditions set forth in the Carryover Allocation Letter may result in a revocation of the Conditional Allocation.

### **3) Carryover Allocation Late Fee**

Projects approved for an extension to meet the conditions set forth in the Carryover Allocation Letter will be subject to late fees.

For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.

## **C) 9% Tax Credit Ten Percent (10%) Test**

Projects issued a Carryover Allocation must expend more than ten percent (10%) of the Project's reasonably expected basis no later than December 1 of the year following the Carryover Allocation.

### **1) Ten Percent Test Documentation**

The Authority will issue a Ten Percent Test letter during the year following the Carryover Allocation that will specify the conditions, documentation, and timeline to meet the Ten Percent Test.

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Required documentation includes, but is not limited to, current Site control for the Project satisfactory to the Authority in its discretion, and the following available on the Website:

- Submission of a completed Project Status Report Form
- Ten Percent Test Checklist
- Ten Percent Test - BIN Form
- Ten Percent Test Reasonably Expected Basis Form
- Certification of Costs Incurred for Ten Percent Test

### **2) Request for Extension**

The Authority may extend the time for meeting the conditions set forth in the Ten Percent Test letter.

The Owner must submit a written request and explanation for an extension.

Failure to meet the conditions set forth in the Ten Percent Test Letter or to obtain Authority approval for an extension to meet the conditions set forth in the Ten Percent Test letter may result in a revocation of the Conditional Allocation.

### **3) Ten Percent Test Late Fee**

Projects approved for an extension to meet the conditions set forth in the Ten Percent Test letter will be subject to late fees.

For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.

## **IX) 4% Tax Credit Determinations**

All Projects receiving a Conditional Allocation of Tax Credits associated with the issuance of tax-exempt bonds (4% Tax Credits), are subject to the following, regardless of the entity issuing the bonds. The Authority firmly believes that it is the appropriate and best suited agency to review, oversee and finance housing developments across the State. Please be aware that in many jurisdictions the Authority has a statutorily provided explicit right of first refusal to finance such developments.

### **A) 4% Tax Credit Determinations**

#### **1) Determination Letter**

Upon Authority approval of a Determination of Tax Credits for a Project, the Authority will issue a Determination Letter to the Owner stating the amount of the Determination and the timeframe for completing any conditions that must be satisfied in connection with the Determination prior to the issuance of a 42(m) Letter and IRS Form 8609.

#### **2) Request for Extension**

The Authority may extend the time for meeting the conditions set forth in the Determination Letter.

The Owner must submit a written request and explanation for an extension.

Failure to meet the conditions set forth in the Determination Letter or to obtain Authority approval for an extension to meet the conditions set forth in the Determination Letter may result in a revocation of the Conditional Allocation.

#### **3) Determination Late Fees**

Projects approved for an extension to meet the conditions set forth in the Determination Letter will be subject to late fees.

For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.

### **B) 42(m) Letter**

#### **1) 42(m) Letter**

Projects that fulfill the requirements of the Determination Letter, including payment of a non-refundable Determination fee, information about which is contained in the Multifamily Fee Payment Form found on the Website, will be issued a 42(m) Letter.

Required documentation includes, but is not limited to the following available on the Website:

- Submission of a completed Project Status Report Form

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- BIN Assignment Form
- Gross Rent Floor Election Form
- Low Income Housing Tax Credit Rate Election Form for Tax Exempt Projects
- Tenant Selection Plan
- Affirmative Fair Housing Marketing Plan

### **2) Request for Extension**

The Authority may extend the time for meeting the conditions set forth in the 42(m) Letter.

The Owner must submit a written request and explanation for an extension.

Failure to meet the conditions set forth in the 42(m) Letter or to obtain Authority approval for an extension to meet the conditions set forth in the 42(m) Letter may result in a revocation of the Conditional Allocation.

### **3) 42(m) Late Fees**

Projects approved for an extension to meet the conditions set forth in the 42(m) Letter will be subject to late fees.

For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.

## **X) Project Modifications and Revocations**

All Projects receiving a Conditional Allocation are subject to the following:

### **A) Project Modifications**

A Conditional Allocation is based on the information provided in the Application.

Project modifications require re-evaluation of the Application and may trigger a change in the Project's score or ranking, loan committee and Board approval, or the revocation of the Conditional Allocation.

Project modifications include, but are not limited to:

- A change of 10% or more in the total Project cost
- A change of 10% or more in any budget line item
- Any changes in the Project Owner, Sponsor(s), or Participants
- Any changes in Project characteristics that were considered in order to meet the requirements of the Mandatory or Scoring sections of this QAP including, but not limited to, the following:
  - 1) Any change in the Project's unit mix or unit sizes
  - 2) Any change in the Project's rent structure
  - 3) Any change to the Project Site(s)
  - 4) Any change to the Project's construction scope
  - 5) Any changes in the Project's financing, including, but not limited to, the following:
    - Adding, removing, or substituting sources of Project financing
    - A change to the entity providing financing
    - A change in financing terms
    - A change in Tax-Credit equity pricing

No changes in the Owner and Sponsor(s) in the Project will be permitted between Board approval and the issuance of IRS Form(s) 8609.

### **B) Request for Modifications**

The Authority will evaluate and may approve Project modifications.

The Owner must submit a written request and explanation for all Project modifications.

The Authority may require a processing fee in connection with Project modifications, as described in the "Multifamily Fee Payment Form" available on the Website.

**C) Revocation of a Conditional Allocation**

The Authority may revoke a Conditional Allocation or reduce the resources allocated for reasons including, but not limited to the following:

- Unapproved Project modifications
- Failure to meet the conditions set forth in the Reservation Letter, Carryover Allocation Letter, Ten Percent Test Letter, Determination Letter, or 42(m) Letter
- Failure to meet the conditions set forth in Section XI Extended Use Agreement, Placement in Service, and 8609
- Material misrepresentation or providing false information in connection with any Authority program
- Non-compliance in any Project
- Delinquency under any Authority Program
- Outstanding fees due and owed to the Authority
- Bankruptcy or any other financial situation that jeopardizes a Project's completion or continued operation
- A Project's inability to proceed

If a Conditional Allocation is revoked, the Authority will retain all fees paid to the Authority in conjunction with the Project.

## **XI) Extended Use Agreement, Placement in Service, and 8609**

All Projects receiving a Conditional Allocation are subject to the following:

### **A) Extended Use Agreement**

Projects receiving a Conditional Allocation, either through a Reservation Letter or 42(m) Letter, will be subject to an Extended Use Agreement (“EUA”) setting forth income and occupancy restrictions for a total of thirty (30) years, including the initial Compliance Period and the Extended Use Period. The Project may be required to waive its right to a Qualified Contract throughout the 30 year term of the EUA.

The EUA must be recorded at the initial financial closing for the Project on the Site in the office of the Recorder of Deeds in the County where the Project is located prior to all other Project documents evidencing or securing Project financing.

### **B) Placement in Service**

#### **1) Deadline**

Projects with a Conditional Allocation must be Placed in Service no later than the date indicated in the Carryover Allocation Letter or the 42(m) Letter.

#### **2) Request for Extension**

The Authority may extend the time for the Project to be Placed in Service by revoking the existing Conditional Allocation and issuing a new Conditional Allocation of Tax Credits.

The Owner must submit a written request and explanation for a revocation of the existing Conditional Allocation and a new Conditional Allocation of Tax Credits.

#### **3) Extension Review**

Projects determined to meet the affordable housing policy goals of the State will be considered for a new Conditional Allocation.

#### **4) New Conditional Allocation Fees**

If the Authority revokes the existing Conditional Allocation and issues a new Conditional Allocation, the Project will be required to pay another non-refundable Reservation or Determination fee.

For information regarding the amount of the Reservation and Determination fees, see the “Multifamily Fee Payment Form”, found on the Website.



**5) New Conditional Allocation Requirements**

Projects receiving a new Conditional Allocation are remain subject to the requirements in the QAP, including, “9% Tax Credit Reservations, Carryover, and 10% Test” for 9% Tax Credit Projects, “IX 4% Tax Credit Determinations” for 4% Tax Credit Projects, and “X Project Modifications and Revocations”, and “XI Extended Use Agreement, Placement in Service, and 8609” for all Projects.

**C) Issuance of 8609**

The Authority will issue an 8609 to Projects with a Conditional Allocation that fulfill all Authority requirements.

**1) 8609 Documentation**

See the 8609 Issuance Checklist available on the Website.

**2) 8609 Timing**

Projects must submit all 8609 documentation to the Authority no later than six (6) months after the end of the year following the deadline to be Placed in Service.

**3) 8609 Review**

The Authority will review all submitted documentation and conduct a final financial analysis. As required per section 42(m)(2) of the Code, in no cases will the Tax Credit Allocation exceed the amount the Authority determines is necessary for the financial feasibility of the Project and may be less than the Conditional Allocation.

**4) Request for Extension**

The Authority may extend the time for submitting the 8609 documentation.

The Owner must submit a written request and explanation for an extension.

Failure to submit all 8609 documentation by the due date or to obtain Authority approval for an extension to submit all 8609 documentation may result in a revocation of the Conditional Allocation.

**5) 8609 Late Fee**

Projects approved for an extension to submit all 8609 documentation will be subject to late fees.

For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.

## **XII) Project Compliance**

All Projects receiving an Allocation are subject to the following:

### **A) Compliance Monitoring**

Projects receiving an Allocation will be subject to ongoing compliance monitoring and reporting requirements.

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

Information regarding ongoing compliance monitoring and reporting requirements is available in the Low Income Housing Tax Credit Compliance Reference Guide, available on the Website.

### **C) Compliance Monitoring Fee**

The Authority charges ongoing compliance monitoring and reporting fees. Information regarding these fees is available from the Authority's Asset Management Services Department.

### **D) Additional Compliance Monitoring Information**

Additional information regarding ongoing compliance and reporting requirements is available on the Website from the Authority's Asset Management Services Department

### **XIII) Mandatory**

All Applications for Projects seeking Tax Credits, either through the issuance of a 42(m) Letter for projects financed through the issuance of tax-exempt bonds (4% Tax Credits) or through the competitive selection process (9% Tax Credits), must submit the documentation required per the Application Checklist found on the Website and detailed below.

Unless otherwise indicated, all documentation submitted must be dated within six (6) months of the Application deadline.

Applications that meet the Authority's defined policy goals of rehabilitating Abandoned and Foreclosed Single Family Housing may be given latitude in how they achieve the Mandatory requirements set forth below.

Applications for acquisition/rehabilitation Projects that have an existing federal project-based rental assistance contract on 50% or more of the units are NOT eligible to apply for 9% Tax Credits unless a Waiver of 4% Feasibility is obtained through the process outlined in Application Process Section.

#### **A) Application Certification**

The Application must include the Application Certification, found on the Website which provides a written certification that the Project will:

- Take actions to affirmatively further fair housing;
- Give preferential treatment to persons on the PHA waiting list(s) and make on-going efforts to request that the PHA make referrals to the Project, or request that the PHA include relevant information about the Project on any listing the PHA makes available to persons on its waiting list(s);
- Minimize involuntary displacement of low-income households; and
- Be willing to accept future State-administered operating subsidy or project-based rental assistance, should it be made available, on units that are not already subject to a rental assistance contract.

#### **B) Project Narrative**

The Application must include all of the following:

- A copy of the Project's current PPA approval letter;
- A copy of the copy of a Waiver of 4% Feasibility, if applicable; and
- A completed Project Narrative form, located in the Common Application, found on the Website.

Sponsors are encouraged to provide as much detail and background information about the Project as possible in order to assist the Authority in assessing the Project.

**C) Certification of Consistency with the Consolidated Plan**

All Projects must evidence consistency with the Consolidated Plan for the jurisdiction in which the Project is located.

**1) Projects located in a county or municipality covered by a Consolidated Plan**

For Projects located in a county or municipality covered by a Consolidated Plan, the Application must include a certification of consistency with the Consolidated Plan dated within one (1) year prior to the Application deadline. The certification of consistency with the Consolidated Plan must be completed and signed by the jurisdiction covered by the Consolidated Plan.

For a list of counties and municipalities covered by a Consolidated Plan see the Website.

**2) Projects located outside a county or municipality covered by a Consolidated Plan**

For Projects located outside a county or municipality covered by a Consolidated Plan, the Application must include a written request for the Authority to review the Project for consistency with the State Consolidated Plan.

For a list of counties or municipalities covered by a Consolidated Plan see the Website.

**D) Local Support**

The Application must include a letter of support for the Project, or in cases when a letter of support is withheld, a description of the efforts to obtain a letter of support.

**1) Letters of Support**

The Application must include a letter of support from the chief elected official of all municipalities in which the Project is located. For Projects located in the City of Chicago, a letter of support from the alderman of all wards in which the Project is located is acceptable. If the Project is located in the City of Chicago in an area that is undergoing ward map revisions, please include a discussion of the specific alderman supporting the Project.

Letters of support must be addressed to the Authority and specifically endorse the Project.

**2) Letters of Support: Withheld**

Applications for Projects that are unable to obtain a letter of support from the chief elected official or Chicago alderman must include a description of the efforts to obtain the letter of support and if applicable, respond to any concerns regarding the Project.

The Authority will review the documentation, as well as any additional letters of support, and may waive this requirement.

Failure to obtain a letter of support due to timing constraints will not be an acceptable reason for this documentation to be missing from the Application.

#### **E) Site Control**

All Project Sites must be identified in the Application. Projects consisting of multiple Sites must satisfy site control requirements for all Sites.

The Application must include all of the following:

- 1) A map showing the location(s) of the Site(s). If site control is for property larger than the Site(s), the Site(s) must be delineated on the map.
- 2) Aerial photograph(s) of the Site(s) with the boundaries of the Site(s) clearly delineated, and surrounding uses clearly visible; and
- 3) Evidence of site control which can only be demonstrated as follows:

##### **1) Sites that do not meet the criteria of Abandoned and Foreclosed Single Family Housing**

Site control documentation for each Site consisting of one of the following:

- A fee simple interest in the Site in the name of the Sponsor or Owner; or
- A fully executed, binding agreement with a term ending no sooner than six (6) months after the Application deadline, signed by both the Sponsor or Owner and the seller for the purchase of the Site; or
- A fully executed, binding agreement with a term ending no sooner than six (6) months after the Application deadline, signed by both the Sponsor or Owner and the seller for the long term lease of the Site with a lease term of at least ninety-nine (99) years; or
- A fully executed, binding agreement with a term ending no sooner than six (6) months after the Application deadline, signed by both the Sponsor or Owner and the seller of the Site evidencing land and/or building donation; or
- When the Site is owned by a governmental entity, a letter of intent to the Sponsor or Owner from the governmental entity to sell, donate, or enter into a long term lease of the Site with a term ending no sooner than six (6) months after the Application deadline.

For Sites that do not meet the criteria of Abandoned and Foreclosed, Site control documentation must include all of the following clearly marked/highlighted:

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- 1) Expiration date for purchase option(s), purchase agreement(s), or letter(s) of intent;
- 2) Legal description pursuant to the site control document. If the site control documentation is for property larger than the Site, a legal description of the Site will be required prior to Tax Credit Allocation;
- 3) The sale or lease price of the Site(s); The Project budget in the Common Application for the Project may only include the acquisition costs attributable to the Site. If site control documentation is for property larger than the Site, a detailed narrative and calculation of the Site sale or lease price on a per square footage basis must be submitted.
- 4) Language that complies with the environmental review and voluntary acquisition guideline language outlined in the Site Control Compliance Language example on the Website.

If language is not included in the Site control documentation, evidence of compliance with this section can only be demonstrated by submitting a copy of language notification receipt by seller (e.g., certified mail, return receipt requested) and the date of delivery.

### **2) Sites that meet the criteria of Abandoned and Foreclosed Single Family Housing**

Site control documentation for each Site consisting of one of the following:

- Multiple Listing Service (MLS) or Real Estate Owned (REO) listings, dated within thirty (30) days of the Application deadline showing an adequate number of available Sites to complete the Project; or
- Site control documentation meeting the criteria of site control documentation for Sites that do not meet the criteria of Abandoned and Foreclosed Single Family Housing.

For Sites that meet the criteria of Abandoned and Foreclosed Single Family Housing, Site control documentation must include all of the following clearly marked/highlighted:

- 1) The sale price of the Site(s); and
- 2) The tax assessors Property Identification Number (PIN) for the Site.

### **F) Zoning**

The Application must include evidence that all Sites are either currently zoned for the proposed use, or will be addressed through a Planned Development or Planned Unit Development (“PUD”) process.

#### **1) Zoned Project Sites**

Evidence that Sites are currently zoned for the proposed use can only be demonstrated through:

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

## **2) PUD Project Sites**

Evidence that Project Sites will be addressed through the PUD process can only be demonstrated through:

- A letter from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Project and containing all of the following:
  - 1) The location of the Site(s) (e.g. address or street crossings); and
  - 2) A description of the Project (including number of units, proposed use, and whether it is new construction, rehabilitation, or both); and
  - 3) A written explanation of the PUD approval process; and
  - 4) Evidence the PUD process has been initiated; and
  - 5) Evidence of which stage in the PUD approval process the Project has reached; and
  - 6) Evidence that the PUD will be reviewed in a timely manner.

## **G) Site Physical Information**

### **1) 1% Floodplain or Floodway**

The Application must include a Federal Emergency Management Agency (“FEMA”) floodplain map covering the Project area with the boundary of all Sites clearly delineated.

FEMA floodplain maps can be obtained from the FEMA website.

If any portion of a Site is located within the 1% floodplain or floodway, the Application must include one or both of the following as applicable:

#### **a) Rehabilitation**

Projects proposing the rehabilitation of existing buildings on Sites within the 1% floodplain or floodway must submit a site plan that clearly indicates all of the following:

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- The FEMA determined elevation of the floodplain or floodway; and
- The elevation of the lowest floor level in the existing buildings; and
- The location of the existing buildings; and
- Evidence that the Site is enrolled or is eligible to enroll in the National Flood Insurance Program.

Note: Projects involving the rehabilitation of existing buildings on Sites located in the 1% floodplain or floodway will ONLY be permitted if the lowest existing floor elevation of each building in the floodplain is at least six (6) inches above the FEMA designated floodplain elevation.

### **b) New Construction**

Projects proposing new construction on Sites within the 1% floodplain or floodway must submit a site plan that clearly indicates all of the following:

- The FEMA determined elevation of the floodplain or floodway; and
- The elevation of the lowest floor level in the proposed buildings; and
- The location of the proposed buildings.

Buildings must be situated outside the floodplain and any Project contemplating additional federal resources will be required to subdivide the Project Site from the affected land or obtain a Conditional Letter of Map Amendment or Revision from FEMA demonstrating the Site is eligible for reclassification out of the floodplain.

## **2) Wetlands**

The Application must include a U.S. Fish and Wildlife Service (“USFWS”) National Wetlands Inventory map for the Project area with the boundary of all Sites clearly delineated.

USFWS wetland inventory maps can be obtained from the USFWS website.

If any portion of a Site contains wetlands, or if the Project may impact wetlands, the Application must include one of the following:

- A Letter of No Objection from the U.S. Army Corps of Engineers; or
- A wetlands permit from the U.S. Army Corps of Engineers

## **3) Mining**

The Application must include an Illinois State Geological Survey (“ISGS”) mining map for the Project area with the boundaries of all Sites clearly delineated.

ISGS mining maps can be obtained from the ISGS website.



If any Site is in or near an area the ISGS identifies as affected by mining, the Application must include the following:

- The quadrangle study (if available) or the county mine map completed by the ISGS for the area in which the Site is located with the boundary of the Site clearly delineated; and
- Information indicating the depth of the mine, the type of mining that was performed, and the year that mining ceased; and
- An opinion from a qualified geotechnical engineer as to whether or not the Site will be impacted by the mining; and
- If the Site will be impacted by mining, evidence of the Project's ability to obtain mine subsidence insurance and a budget detailing the estimated cost of mitigating the mine.

#### **H) Historic Preservation**

Projects must meet the requirements of the National Historic Preservation Act and the Illinois State Historic Resources Protection Act as determined by the Illinois Historic Preservation Agency ("IHPA"), regardless of the Project type, location or its historic nature.

The Application must include the following for all Sites:

- An approval letter from IHPA dated within two years of the date of application; or
- All documentation listed in the Historic Preservation Standards for Compliance found on the Website.

#### **I) Phase I Environmental**

The Application must include a phase I environmental site assessment covering all Sites completed within one (1) year prior to the Application deadline according to the Authority's Standards for Environmental Reviews and Professionals available on the Website. If a Phase II is available, it may be submitted along with the Phase I.

#### **J) Architectural Requirements**

All Projects must meet the requirements contained in the Authority's Standards for Architectural Planning and Construction.

The Standards for Architectural Planning and Construction are available on the Website.

##### **1) Architectural Standards Certification**

The Application must include the Standards for Architectural Planning and Construction Certification signed by a licensed architect acting as the Project's Architect of Record. The Certification provides written confirmation that the Project will comply with the Authority's Standards for Architectural Planning and Construction including:

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- All minimum green design requirements as specified in the Standards for Architectural Planning and Construction Section 14.00 – Green Criteria, including submission of the Utility Release Form prior to closing; and
- All applicable Federal and State accessibility laws and / or as specified in the Standards for Architectural Planning and Construction Section 8.00 – Accessibility Standards; and
- All Project amenities as specified in the Standards for Architectural Planning and Construction Section 7.00 – Design and Planning and a minimum of five (5) additional amenities selected from the list below.
  - Secured bicycle parking (minimum of eight (8) slots per twenty five (25) units)
  - Exercise / fitness center with at least one (1) machines per fifteen (15) units
  - Two (2) picnic tables and one (1) grill for every twenty-five (25) units
  - An equipped sports court (volleyball, tennis, basketball, etc.) for every 100 units
  - Computer room equipped with one (1) computer for every ten (10) units
  - Garden plots / designated community garden area with a minimum of 15 square feet per unit
  - Upgraded landscaping, including one tree planted on-site for every ten units
  - 100% native and adaptive plantings/landscaping
  - Energy Star-rated dishwasher in every unit
  - Microwave oven in every unit
  - Energy Star-rated ceiling fan with switched light fixture in every living room and bedroom
  - Screen doors for every unit
  - Porch / patio / balcony for each unit
  - Storage space is 25% greater than the minimum requirement
  - Residential units are 15% larger than the minimum requirement
  - On-site car sharing
  - Trash disposal chutes
  - Library / reading room
  - Hair salon
  - Health and wellness center

The Standards for Architectural Planning and Construction Certification are available on the Website.

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

The Application must include preliminary architectural plans and specifications that include all of the following:

- Dimensioned floor and unit plans, including square footage, for all unit and building types, indicating adaptable and accessible units; and
- Front elevations for all building types (photographs are acceptable for rehabilitation Projects); and

- A Site plan showing the placement and orientation of buildings, parking areas, sidewalks, landscaping, easements, trash dumpsters, buffers, required site amenities, and significant natural features.

#### **K) Construction Cost Breakdown**

The Application must include the Construction Cost Breakdown form completed by a qualified contractor, Architect of Record, or construction cost consultant.

The Construction Cost Breakdown form is located in the Common Application, available on the Website.

The Application must include a detailed explanation of all construction cost variances existing between the development budget and physical needs assessment.

In cases where there is an Identity of Interest between a Sponsor and Project general contractor; between a Sponsor and the Project architect; or between the Project architect and Project general contractor; the Construction Cost Breakdown must be completed by an independent third-party construction cost estimation firm according to the Authority's Standards for Construction Cost Estimating available on the Website.

For rehabilitation Projects, Construction Cost Breakdown will be evaluated along with the physical needs assessment to ensure that all necessary items are addressed. If the scope of work is insufficient, the Application will fail the mandatory review.

#### **L) Projects Involving Rehabilitation**

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

##### **1) Physical Needs Assessment**

The Application must include a Physical Needs Assessment ("PNA") completed according to the Authority's Standards for PNA Reviews and Professionals available on the Website

##### **2) Minimum Rehabilitation Standards**

At a minimum, the proposed rehabilitation work must address all items identified as "Critical" or "Immediate" in the PNA.

Items identified in the PNA as five (5) to seven (7) year needs in current rehabilitation work may be completed as part of the current construction scope of work, or adequate reserves may be budgeted to ensure these items will be completed within timeframes identified in the PNA.

The Application must include a detailed explanation of any and all construction cost variances existing between the development budget and physical needs assessment.

### **M) Relocation**

If the Project involves the acquisition or rehabilitation of any property that is occupied by residential or commercial tenants as of Application date, the Application must include the Relocation Checklist and required documentation. The Relocation Checklist is available on the Website. The Common Application budget must reflect all required relocation costs.

### **N) Site and Market Study**

The Application must include a Site and Market Study completed according to the Authority's Standards for Market Study Reviews and Professionals, available on the Website.

All Site and Market Study submissions must include or be accompanied by the following. Failure to submit any of these factors may cause the Project to fail the mandatory review:

#### **1) Site and Market Study Summary Form**

Applications must include a completed Site and Market Study Summary Form available on the Website. The form must be completed in full and must be substantiated by the Site and Market Study;

#### **2) Insurance Requirements**

Documentation (certificate of liability insurance, for example) must be provided that demonstrates that the Site and Market Study firm has fulfilled all insurance requirements discussed in the Authority's Standards for Market Study Reviews and Professionals, available on the Website. Photo copies are acceptable;

#### **3) NCHMA Membership**

Documentation must be provided that demonstrates that the Site and Market Study firm is a member of the National Council of Housing Market Analysts (NCHMA) as discussed in the Authority's Standards for Market Study Reviews and Professionals, available on the Website;

#### **4) Authority Standard Calculations**

Calculations of penetration rate and capture rate used in the Site and Market Study must conform to the Authority standard of these calculations (alternative methodology is allowed, but the Authority standard methodology must also be included) as discussed in the Authority's Standards for Market Study Reviews and Professionals, available on the Website.

The Authority will review the Project's market. The outcome of the market review at the Application stage may, in some cases, contradict the previous Preliminary Project Assessment approval. A reversal of the market approval may be rooted in a number of factors, including but not limited to:

- Increased Authority investment in the primary market area since PPA approval;
- Project or market details not disclosed in the PPA;

- A change in the Project unit mix or rent schedule that has a negative market implication;
- Changing market conditions and demographic outlook;
- Changing or declining occupancy levels at existing affordable properties that indicate the market is unable to support additional units.

**O) Appropriate Development Team**

The Authority will evaluate the Participants in the development team and their capacity to successfully complete the Project.

**1) Required Documentation**

The Application must include the following forms, available on the Website:

- A completed Organizational Chart reflecting the ownership structure of the Project; and
- A completed Development Experience Certification for each Project Sponsor, the general contractor\*, property manager, Architect of Record, and consultant; and
- The Identity of Interest Certification; and
- Certificates, licenses and/or training completion verifying that the property manager meets that management experience requirements, including licensed real estate broker or leasing agent; Low Income Housing Tax Credit compliance specialist, and fair housing and affirmative marketing certifications

\*Projects subject to a public competitive bidding process to select a general contractor do not have to submit the general contractor Certification with the Application. The general contractor Certification must be submitted prior to Tax Credit Allocation and is subject to Authority approval.

**2) Required Experience**

The following are the Authority's minimum mandatory development team experience standards:

**a) Ownership Experience**

A Project Sponsor must have at least two (2) years of experience including the development and operation of a project meeting one of the following:

- A Tax Credit development that contains at least seventy five percent (75.0%) of the number of housing units in the proposed Project; or
- A subsidized, low-income multifamily rental development that contains at least at least seventy five percent (75.0%) of the number of housing units in the proposed Project; or

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- A comparable housing development as determined by the Authority.

### **b) Management Experience**

The Participant identified as the property manager must be an organization whose principal business purpose is to provide residential property management services, including at a minimum the following:

- Preparation of annual operating and capital budgets
- Employment and supervision of all site staff
- Maintenance of financial and accounting records
- Ensuring compliance with all federal, state and governmental agencies
- Supervise and perform maintenance and building services, including securing bids and contracting for vendor services
- Market and lease apartments and commercial space
- Collect rent

Property managers must employ staff who, at a minimum, possesses the following certifications, licenses and training.

For all Projects:

- Licensed Real Estate Broker or Leasing Agent
- Low Income Housing Tax Credit Compliance Specialist
- Fair Housing and Affirmative Marketing certifications

For Projects contemplating federal funds:

- Certified Occupancy Specialist

For Projects contemplating rental subsidy:

- Blended Occupancy Specialist

A property manager must have at least two (2) years of experience including the lease up and stabilization (ninety percent (90%) occupancy within one (1) year of Placed in Service date) of a project with tenant income certifications and ongoing reporting requirements meeting one of the following:

- A Tax Credit development that contains at least at least seventy five percent (75.0%) of the number of housing units in the proposed Project; or
- A subsidized, low-income multifamily rental development that contains at least seventy five percent (75.0%) of the number of housing units in the proposed Project; or
- A comparable housing development as determined by the Authority.

### 3) Unacceptable Practices

A Participant may not be an appropriate development team member if any of the following unacceptable practices apply to the Participant:

- A Participant is affiliated with existing developments which have been cited for material and/or continuing, but curable, noncompliance. Material noncompliance exists when a party exhibits a continual pattern of noncompliance, or when a party demonstrates an inability or an unwillingness to resolve noncompliance in a timely manner, including, but not limited to the following:
  - Delinquent audits or financial statements (30 days past extension)
  - Delinquent decent, safe, and sanitary certifications
  - Delinquent income/rent and other compliance certifications
  - Failure to cure physical inspection findings within required timeframe
  - Delinquent hazard/liability insurance
- A Participant has experienced any events of foreclosure or failed to perform under the terms of a workout agreement over the past three (3) years.
- A Participant has declared bankruptcy over the past three (3) years.
- A Participant has a mortgage default or arrearage of three (3) months or more within the last three (3) years.
- A Participant has been involved in any development awarded Tax Credits where there has been a change in general partners or managing members during the last three (3) years that was not approved by the Authority.
- A Participant that has been involved in a development determined to have uncorrected noncompliance more than three (3) months from the date of notification in the past three (3) years, including but not limited to the following:
  - Delinquent budgets or monthly operating reports
  - Delinquent utility allowance reviews
  - Delinquent submission of tenant selection plan or asset management plan updates
  - Delinquent submission of management agreements
  - Delinquent submission of Tax Credit compliance documentation
- A Participant that has failed to pay any fee or expense due to the Authority or any other state allocating agency, including outstanding compliance monitoring fees in the past three (3) years.

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

In the event any unacceptable practices apply to any Participant, the Application must include an explanation of the circumstances surrounding the unacceptable practice.

### **P) Financial Feasibility**

The Authority will evaluate the Project's financial feasibility and underwriting assumptions.

In order to demonstrate financial feasibility, Projects must be consistent with the following:

#### **1) Sources**

All Applications must reflect adequate sources of construction and permanent financing to complete the Project and are subject to the following:

##### **a) Maximum Tax Credit Request**

Projects are subject to the maximum Tax Credit request contained in the Tax Credit Information section of the QAP.

##### **b) Authority Loan Limits**

Projects are subject to the maximum Authority loan limits contained in the Authority Loan Parameters found on the Website.

##### **c) Deferred Developer Fee**

All Applications must reflect a deferred developer fee as a financing source.



At a minimum, the deferred fee must be the lesser of twenty-five percent (25%) of the developer fee or seventy-five percent (75%) of cash flow after debt service in years one (1) through twelve (12).

**d) Evidence of Project Financing**

The Application must include financing acknowledgment letters for all Project financing sources from all lenders, grantors, and equity providers. Letters must state that as of the Application deadline date, the financing source is either under consideration or has been approved as follows:

***i. Authority Debt Sources with Market Interest Rates***

Financing acknowledgement letters for Authority debt sources with market rates of interest must be obtained from the Authority and included in the Application.

For information regarding obtaining a financing acknowledgement letter for Authority debt sources with market rates of interest see “Authority Loan Parameters” found on the Website.

***ii. Authority Debt Sources with below Market Interest Rates***

Financing acknowledgement letters for Authority debt sources with below market rates of interest can be evidenced in the Application through a written request to the Authority for debt financing that includes all of the following:

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

The Authority reserves the right to utilize any available funding source at below market interest rates. Please be aware that restrictions vary by funding source and the Project will need to be compliant with the most restrictive source.

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

***iii. Non-Authority Debt Sources***

Financing acknowledgement letters from each lender of all non-Authority debt sources, including but not limited to, construction loans, permanent loans, equity bridge loans, and the assumption of existing debt, must include all of the following:

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

### **iv. Tax Credit Equity Sources**

At least two (2) financing acknowledgement letters from the Low Income Tax Credit equity source; and at least one (1) financing acknowledgement letter from state donation tax credit and historic tax credit equity sources. The financing acknowledgement letters must include all of the following:

- The anticipated Tax Credit Allocation; and
- The per credit net cent raise rate; and
- The amount of Tax Credit equity available to the Project; and
- The proposed equity pay-in schedule

After receiving an Allocation of Tax Credits, Projects requesting an allocation of state donation tax credits (IAHTC) must submit all required documentation on the Application Checklist for Projects Requesting IAHTC, including fees listed in the Multifamily Fee Payment Form. The Project budget in the Common Application must reflect all anticipated IAHTC fees.

### **v. Non-Authority Grant Sources**

Financing acknowledgement letters from each grantor of all non-Authority grant sources must include all of the following:

- The name of the grant source; and
- The amount of the grant; and
- A pay-in schedule detailing when the grant will be available to the Project; and
- Any outstanding requirements to be met prior to grant availability

## **2) Uses**

### **a) Grand Total Hard Cost Limits**

A Project's grand total hard costs, as calculated in the Common Application, are limited to the lesser of the following:

- An average per square foot cost of \$200, or

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- The sum of the products of the hard cost limit by bedroom type and the number of units, by bedroom type, in the Project.

| Bedrooms | Hard Cost Limit |
|----------|-----------------|
| 0        | \$144,785       |
| 1        | \$165,972       |
| 2        | \$201,822       |
| 3        | \$261,090       |
| 4+       | \$286,597       |

Projects that exceed the grand total hard cost limit must provide a detailed explanation of the specific expenses that result in costs in excess of the limits.

The Authority will review and determine the suitability of grand total hard costs in excess of the limits on a case by case basis.

### **b) General Contractor Fees**

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

### **c) Architect and Civil Engineering Fees**

Fees for architectural services and civil engineering are subject to the limits contained in the Authority's "Standards for Architectural Planning and Construction", as amended and found on the Website.

### **d) Developer Fee**

A Project's developer fee may not exceed the lesser of two-million (\$2,000,000) or twelve percent (12%) of the Project's grand total development cost net of the following: total developer fee, reserves, syndication costs, and interim costs, as calculated in the Common Application, except when there is an Identity of Interest as follows:

#### ***i. Identity of Interest between the buyer and the seller***

A Project's developer fee may not exceed the lesser of:

- Two-million (\$2,000,000); or
- Twelve percent (12%) of the Project's grand total development cost net of the following: total developer fee, reserves, syndication costs, interim costs, and acquisition costs; plus five percent (5%) of the Project's acquisition costs, as calculated in the Common Application.

#### ***ii. Identity of Interest between the general contractor and the Owner***

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A Project's developer fee may not exceed the lesser of:

- Two-million (\$2,000,000); or
- Twelve percent (12%) of the Project's grand total development cost net of the following: total developer fee, reserves, syndication costs, and interim costs; less the greater of two percent (2%) of trade payments & site work or the amount of the general contractor's overhead, as calculated in the Common Application.

**iii. Identity of Interest between the buyer and the seller and the general contractor and Owner**

A Project's developer fee may not exceed the lesser of:

- Two-million (\$2,000,000); or
- Twelve percent (12%) of the Project's grand total development cost net of the following: total developer fee, reserves, syndication costs, interim costs, and acquisition costs; plus five percent (5%) of the Project's acquisition costs; less the greater of two percent (2%) of trade payments & site work or the amount of the general contractor's overhead, as calculated in the Common Application.

Developer fee includes all of the following which shall not appear elsewhere in the Project budget:

- Consultant fees
- Construction management fees
- Architectural and civil engineering fees in excess of the Authority's fee limits
- Developer overhead fees
- Any additional fees related to direct assistance provided to the Sponsor or Owner in conjunction with the completion of the Application or construction of the development.

Developer fees are limited to the amount contemplated at the time of a Conditional Allocation.

**e) Construction Contingency**

The Application must include a construction contingency as follows:

**i. New-Construction:**

Five percent (5%) of trade payments and site work as calculated in the Common Application

**ii. Rehabilitation:**

Ten percent (10%) of trade payments and site work as calculated in the Common Application

No more than twenty-five percent (25%) of construction contingency may be included in a Project's calculation of Tax Credit eligible basis.

**f) Acquisition**

The Project budget in the Common Application may only include the acquisition costs attributable to the Site. If site control documentation is for property larger than the Site, a detailed narrative and calculation of the Site sale or lease price on a per square footage basis must be submitted.

**3) Income**

**a) Residential Income**

Gross residential unit rents (inclusive of utility allowances), as calculated in the Common Application, may not exceed ninety-five percent (95%) of the rent limit imposed by any financing source, program, or other requirement unless the unit is assisted through project based rental assistance.

Rent and income limits are available on the Website.

**b) Project Based Rental Assistance**

Projects with unit based (rather than tenant based) rental assistance must submit a copy of the fully executed rental assistance contract or a rental assistance commitment letter from the entity providing the rental assistance that includes all of the following:

- 1) The maximum percent of AMI; and
- 2) The total number of units assisted by unit type; and
- 3) The length of the rental assistance contract; and
- 4) The contract rent by unit type paid through the rental assistance. The contract rent is the maximum amount of rent paid to the Project by the rental assistance.

All underwriting assumptions regarding the funding and renewal of rental assistance contracts must be clearly identified. State and federal rental assistance commitments cannot be conditioned on an Allocation of Tax Credits.

Note that Applications for acquisition/rehabilitation Projects that have an existing federal project-based rental assistance contract on 50% or more of the units are **NOT** eligible to apply for 9% Tax Credits **unless** a Waiver of 4% Feasibility is obtained through the process outlined in Application Process Section.

**c) Other Residential Income**

Other residential income is limited to income from laundry, vending, and income associated with the provision of resident services.

Applications reflecting other residential income must describe all assumptions regarding the calculation of this income.

**d) Commercial Income**

Applications reflecting commercial income must describe all assumptions regarding the calculation of this income and must include all existing leases or letters of intent to occupy commercial space.

**4) Expenses**

**a) Per Unit Operating Expenses**

Annual per unit operating expenses must be adequate and reasonable for the Project type, location, and population served.

Per unit annual operating expenses, excluding taxes, reserves, resident services, and debt service, as calculated by the Common Application, are expected to fall within the following ranges by Project type and set-aside:

| Project Type | City of Chicago   | Chicago Metro     | Other Metro       | Non-Metro         |
|--------------|-------------------|-------------------|-------------------|-------------------|
| Elderly:     | \$3,600 - \$6,000 | \$2,600 - \$4,400 | \$2,300 - \$4,100 | \$2,000 - \$3,500 |
| Non-Elderly: | \$3,800 - \$6,500 | \$3,300 - \$5,500 | \$2,600 - \$4,500 | \$2,200 - \$3,800 |

In order to substantiate a deviation from the expected ranges, the Application must include supplemental documentation such as historic operating expenses and any additional details about specific expenses.

The Authority will review and determine the suitability of operating expenses outside of the expected ranges on a case-by-case basis.

**b) Resident Services**

All resident services expenses must be funded from a third-party income stream such as Medicaid, McKinney Vento, or the Veteran’s Administration rather than Project income.

**5) Reserves**

All Projects must meet the following minimum reserve requirements:

**a) Replacement Reserve**

All Projects must capitalize a replacement reserve in the development budget based on the number of units **AND** fund ongoing per unit annual replacement reserves from operations as follows:

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| <u>Project Type</u>                             | <u>Capitalized</u> |                |                  | <u>Ongoing Operations</u> |
|---|--------------------|----------------|------------------|---------------------------|
|   | 30 or less units   | 31 to 49 units | 50 or more units | All Projects              |
| New Construction Elderly (including SLF's)      | \$1,500            | \$500          | \$300            | \$300                     |
| New Construction non-Elderly (all units ≤ 2 BR) | \$1,500            | \$500          | \$350            | \$350                     |
| All other Project types                         | \$1,500            | \$500          | \$400            | \$400                     |

**b) Real Estate Tax Reserves**

All Projects must capitalize real estate tax reserves in the development budget and fund ongoing annual real estate tax reserves from operations.

The development budget must include fifty-five percent (55%) of the estimated annual real estate taxes in the first year of Project operations.

The operating budget must have adequate annual cash flow to capitalize an annual real estate tax reserve sufficient to pay the Project's real estate taxes in the following year.

The Application must include evidence of how construction period and operational period real estate taxes were estimated.

Applications for Projects assuming real estate tax abatements or exemptions for any period of time must include all of the following:

- The calculation of real estate taxes before, during, and after the abatement or exemption; and
- The anticipated date the abatement or exemption becomes effective; and
- The length of the abatement or exemption; and
- A real estate tax attorney's opinion the Project is eligible for the abatement or exemption.

**c) Insurance Reserves**

All Projects must capitalize insurance reserves in the development budget and fund ongoing annual insurance reserves from operations.

The development budget must include a reserve in the amount of one-hundred and five percent (105%) of the estimated annual insurance expense in the first year of Project operations.

The operating budget must have adequate annual cash flow to capitalize an annual insurance reserve sufficient to pay the Project's insurance expense in the following year.

**d) Initial Rent-Up Reserves**

The Application must estimate Project income generated between the initial certificate of occupancy and stabilized occupancy based on the absorption information contained in the market study and Project operating expenses including administrative, management,

payroll, maintenance, utilities, and debt service payments for the same period and size an initial rent-up reserve sufficient to offset any shortfall of income to cover expenses.

**e) Other Reserves**

The Authority will review all other Project reserves to evaluate their sufficiency and reasonableness.

Projects reflecting additional reserve must describe all of the following for each reserve:

- How the reserve will be used; and
- Who is requiring the reserve; and
- How the reserve will be replenished (if required)

**6) Underwriting Standards**

Projects must demonstrate compliance with the most restrictive underwriting standards and requirements for all Project financing sources for a minimum of the initial fifteen (15) year operating period.

Minimum Authority Tax Credit underwriting standards and requirements are as follows:

**a) Debt Service Coverage Ratio**

Projects must maintain a Debt Service Coverage Ratio, as calculated by the Common Application, of 1.15.

Project reserves cannot be used to maintain minimum debt service coverage ratios during the initial fifteen (15) year operating period.

**b) Cash Flow after Debt Service**

Projects must maintain Cash Flow after Debt Service, as calculated by the Common Application, of \$100 per unit per year.

Project reserves cannot be used to maintain minimum Cash Flow after Debt Service requirements during the initial fifteen (15) year operating period.

**c) Trending Factors**

Authority cash flow trending factors are as follows:

- Annual Increase in real estate taxes: four percent (4%)
- Annual Increase in operating expenses: three percent (3%)
- Annual Increase in income: two percent (2%)

In order to substantiate a deviation from Authority cash flow trending factors, the Application must include documentation such as historic Project operating income and expense audits.



The Authority will review and consider documentation substantiating a deviation from Authority cash flow trending factors on a case-by-case basis.

**d) Vacancy Rates**

Authority cash flow vacancy rates are as follows:

- Elderly Projects residential income: six percent (6%)
- Non-Elderly Projects residential income: eight percent (8%)
- SLF residential and service income: ten percent (10%)
- Projects with 20% or more of total units with rent and occupancy restricted to at or below 30% AMI: ten percent (10%)
- Commercial income: fifty percent (50%)

In order to substantiate a deviation from Authority cash flow vacancy rates, the Application must include documentation such as historic Project operating income and expense audits.

The Authority will review and consider documentation substantiating a deviation from Authority cash vacancy rates on a case-by-case basis.

**e) Utility Allowances**

Projects with any tenant paid utilities must include current documentation detailing the expected monthly per unit tenant utility expenses (the "Utility Allowance") incurred by utility and appliance type.

Tenant paid utility expenses must be appropriate for the unit size, utilities and appliances covered, and Project location.

In the event a single utility covers multiple appliances, such as gas heat and cooking gas, or electric heat and electric lighting, the utility allowance must differentiate utility expenses by appliance.

Utility Allowance documentation can only be demonstrated through one of the following:

- A current Utility Allowance schedule provided by the governing public housing authority where the Project is located. If the governing public housing authority does not have a current Utility Allowance schedule for the number of bedrooms in the Project's unit types, a Utility Allowance schedule from a neighboring public housing authority and a letter of explanation may be submitted; or
- A utility survey covering one (1) full year that is representative of each unit type within the Project. A utility survey will only be accepted if the Project is currently operating as a residential building(s). Utility surveys of other nearby projects will not be accepted.

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In any case where the Project's expected Utility Allowances are less than reflected in the Utility Allowance documentation, the Application must include a detailed description of all differences that will be evaluated on a case by case basis.

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

## XIV) Scoring

All Applications for Projects seeking Tax Credits through the competitive selection process (9% Tax Credits), must submit the documentation required per the Scoring Checklist and detailed below. All scoring certifications are located in the QAP Scoring Certifications workbook found on the Website.

Unless otherwise indicated in this QAP, all documentation submitted must be dated within six (6) months of the Application deadline.

Projects receiving an Allocation of 9% Tax Credits will be subject to selected scoring criteria for the duration of the Extended Use Period through incorporation within the Extended Use Agreement.

### A) Project Design and Construction

#### 1) Enhanced Accessibility

Projects whose architectural design and construction meet or exceed enhanced accessibility standards, evidenced through submission of the Scoring – Enhanced Accessibility Certification, including the universal design features checklist, available on the Website, can earn up to three (3) points as follows:

| Points | Accessibility Threshold   |
|--------|---|
| 1      | At least ten percent (10.0%) of the total units in the Project are designed for persons with mobility impairments, as defined in ICC/ANSI 117.1-2003 Section 1002 Accessible Units<br><b>-and-</b><br>At least two percent (2.0%) of the total units in the Project are designed for persons with sensory impairments (not less than one unit), as defined in ICC/ANSI 117.1-2003 Section 1005 Sensory Impaired Units   |
| 2      | At least ten percent (10.0%) of the total units in the Project are designed for persons with mobility impairments, as defined in ICC/ANSI 117.1-2003 Section 1002 Accessible Units<br><b>-and-</b><br>At least two percent (2.0%) of the total units in the Project are designed for persons with sensory impairments (not less than one unit), as defined in ICC/ANSI 117.1-2003 Section 1005 Sensory Impaired Units<br><b>-and-</b><br>Projects whose universal design score is at least 50 for 50% of the Project's units  |
| 3      | At least ten percent (10.0%) of the total units in the Project are designed for persons with mobility impairments, as defined in ICC/ANSI 117.1-2003 Section 1002 Accessible Units<br><b>-and-</b><br>At least two percent (2.0%) of the total units in the Project are designed for persons with sensory impairments (not less than one unit), as defined in ICC/ANSI 117.1-2003 Section 1005 Sensory Impaired Units<br><b>-and-</b><br>Projects whose universal design score is at least 50 for 100% of the Project's units |

**2) Unit Mix**

Projects whose architectural design and construction include multiple bedroom types, evidenced through submission of the Scoring – Unit Mix Certification, available on the Website, can earn up to two (2) points as follows:

| <b>Points</b> | <u>Elderly Restricted Units</u>  |
|---------------|--|
| 1             | The Project’s Elderly restricted units consist of two bedroom types, with two bedroom types each making up at least ten percent (10.0%) of the Elderly restricted units; |
| 2             | The Project’s Elderly restricted units consist of two bedroom types, with two bedroom types each making up at least twenty (20.0%) of the Elderly restricted units;      |
| <br>          |  |
| <b>Points</b> | <u>Non-Elderly Units</u>   |
| 1             | The Project’s non-Elderly units consist of at least two bedroom types, with two bedroom types each making up at least twenty percent (20.0%) of the non-Elderly units    |
| 2             | The Project’s non-Elderly units consist of at least three bedroom types, with three bedroom types each making up at least ten percent (10.0%) of the non-Elderly units   |

Units of a different design or layout containing the same number of bedrooms will not be considered different bedroom types.

For Projects serving both Elderly and non-Elderly populations, points are not cumulative and are limited to the lowest score by population.

**3) Larger Units**

Projects whose architectural design and construction includes larger units, evidenced through submission of the Scoring – Larger Units Certification, available on the Website, can earn up to three (3) points as follows:

|               | <u>Elderly Restricted Units</u>                             | <u>Non-Elderly Units</u>  |
|---------------|---|---|
| <b>Points</b> | <b>Two-bedroom units as a % of Elderly restricted units</b> | <b>Three-bedroom and larger units as a % of non-Elderly units</b> |
| 1             | 5.0% - 9.99%  | 10.0% - 24.9%   |
| 2             | 10.0% - 14.99%  | 25.0% - 49.9%   |
| 3             | 15.0% - 25.0%   | 50.0% or more   |

For Projects serving both Elderly and non-Elderly populations, points are not cumulative and are limited to the lowest score by population.

**4) Historic Significance**

Historically significant Projects can earn one (1) points as follows:

| Points | Historic Significance  |
|--------|--|
| 1      | Project involves historically significant elements as determined by the National Register of Historic Places, a local landmarks jurisdiction, or the Illinois Historic Preservation Agency |

Evidenced through submission of all of the following:

- 1) Scoring—Historic Significance Certification, available on the Website
- 2) Documentation confirming the Project contains historically significant elements from at least one of the following:
  - The National Register of Historic Places
  - A local landmarks jurisdiction
  - The Illinois Historic Preservation Agency

**B) Energy Efficiency and Sustainability**

**1) Transportation**

Projects with access to alternative forms of transportation can receive up to seven (7) points as follows:

| Points | Transportation Type   |
|--------|---|
| 3      | <p><b>Walk Score from <a href="http://www.walkscore.com">www.walkscore.com</a> (all QAP set-asides except Non-Metro)</b><br/>                     Walk Score of 50 to 69 for all Sites will receive 1 point.<br/>                     -or-<br/>                     Walk Score of 70 to 89 for all Sites will receive 2 points.<br/>                     -or-<br/>                     Walk Score of at least 90 for all Sites will receive 3 points.</p> <p><b>Walk Score from <a href="http://www.walkscore.com">www.walkscore.com</a> (in Non-Metro set-aside ONLY)</b><br/>                     Walk Score of 40 to 59 for all Sites will receive 1 point.<br/>                     -or-<br/>                     Walk Score of 60 to 79 for all Sites will receive 2 points.<br/>                     -or-<br/>                     Walk Score of at least 80 for all Sites will receive 3 points.</p> |
| 3      | <p><b>Mass Transit or Demand Responsive Transit (“DRT”)</b><br/>                     All Sites are located within 0.5 miles of a fixed route transit stop defined as buses and trains serving local destinations beginning no later than 8am and ending no earlier than 6pm, Monday through Friday;<br/>                     -or-</p>   |

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|   |  |
|---|--|
|   | All Sites are served by a DRT service beginning no later than 8am and ending no earlier than 6pm, Monday through Friday. DRT must be available to the public at large, that is, it may not be restricted to service for the elderly or disabled. |
| 1 | <b>Car Sharing</b><br>All Sites are located within 0.5 miles of a car share vehicle (Zip Car, U Care Share, I Go Cars, Hertz 24/7)   |

Evidenced through submission of the following:

- 1) Map(s) clearly delineating all Sites and distance to the nearest fixed route transit stop and/or car share vehicle location.
- 2) Detailed report of Walk Score obtained from the Walk Score Professional website for each Site.
- 3) Documentation of transit fixed route, such as route map.
- 4) Documentation of car share vehicle location such as a screen capture/printed copy of the car share provider website or letter from the car share provider affirming the location (s). If car sharing is proposed on Site, documentation from car share provider of willingness to place car share vehicle on Site.
- 5) Documentation verifying DRT service meets all of the above requirements. Acceptable forms of documentation include a screen capture/printed copy of the DRT service website or letter from the DRT service affirming the hours of operation, service area and population served.

Scattered Site Projects must submit documentation for all Sites and will receive an overall Walkscore equal to the average score of all Sites.

**2) Green Building**

Projects whose architectural design and construction meet or exceed green initiative standards, evidenced through submission of the Scoring - Green Initiatives Certification, available on the Website, can earn up to three (3) points as follows:

| Points | Green Initiative  |
|--------|---|
| 1      | Commit to obtaining EPA Energy Star certification.  |
| 2      | Commit to obtaining EPA Energy Star certification <b>-and-</b> EPA Indoor air PLUS certification.   |
| 3      | Commit to obtaining a sustainable building certification from one of the following:<br>U.S. Green Building Council LEED certification <b>-or-</b><br>Enterprise Green Communities certification <b>-or-</b><br>ICC 700 National Green Building Standard (NGBS) certification including compliance with Section 704.6.2, third part testing. |

**3) Rehabilitation**

Projects that involve the rehabilitation of existing buildings, as evidenced through the Scoring – Rehabilitation Certification available on the Website, can earn up to nine (9) points as follows:

| Points | Percentage of Hard Residential Construction Costs Attributable to Rehabilitation: |
|--------|---|
| 3      | 25.0% - 49.99%  |
| 6      | 50.0% - 74.99%  |
| 9      | 75.0% or more   |

**C) Site Suitability**

**1) Market Characteristics**

Projects can earn up to six (6) points for market characteristics as follows:

| Points | Market Characteristics  |
|--------|---|
| -6     | Inferior  |
| -5     | Scoring of market factors (discussed below and in detail in the Standards for Market Study Reviews and Professionals, available on the Website) reflect market conditions that are not conducive to the proposed Project. |
| -4     |   |
| -3     |   |
| -2     |   |
| -1     |   |
| 0      | <b>Appropriate</b> – Market is considered to be appropriate for the proposed Project and should not pose any obstacle towards renting up and sustaining occupancy   |
| 1      | Scoring of market factors (discussed below and in detail in the Standards for Market Study Reviews and Professionals, available on the Website) reflect market conditions that benefit the proposed Project.              |
| 2      |   |
| 3      |   |
| 4      |   |
| 5      |   |
| 6      | Superior  |

Evidenced through submission of the following:

- 1) Scoring – Market Characteristics Certification, available on the Website; and
- 2) Site and Market Study, and complete Site and Market Study Summary Form available on the Website submitted in the Mandatory Section.

The Market Characteristics review will yield a score range of -6 to +6 points. The Authority expects the typical score to be zero (0), indicating an appropriate market. Applications will only be permitted to self-score a zero (0). The score may increase or decrease based on the following:

- Targeting (population and income levels);

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- Units and Rent (unit mix and unit sizes);
- Amenities (development and in-unit);
- Marketing (marketability / visibility of the Project and marketing techniques)
- Growth (households / population projections, and job growth (when appropriate) in primary market area); and
- Rent-up (penetration rate and capture rate)

A full description of the evaluation characteristics and criteria is included in the Site and Market Review and Scoring Explanation, contained in the Authority’s Standards for Market Study Review and Professionals, available on the Website.

**2) Community Asset Indicators**

Projects located in areas with the following positive indicators within 0.5 miles of the Site can earn up to five (5) points as follows:

| Points | Category         | Threshold  |
|--------|------------------|--|
| 1      | Government       | Site is located within 0.5 miles of a public library, post office, or Social Security office.  |
| 1      | Public Education | Site is located within 0.5 miles of a public elementary school, public middle school, public junior high school, public high school, or community college. |
| 1      | Health Care      | Site is located within 0.5 miles of a hospital, health clinic, or pharmacy containing a health clinic.   |
| 1      | Recreation       | Site is located within 0.5 miles of a public park, public recreation center, or senior center.   |
| 1      | Day Care         | Site is located within 0.5 miles of a NAEYC-accredited day care facility.  |

Evidenced through submission of the

- 1) Scoring – Community Asset Indicator Certification, available on the Website;
- 2) Map(s) clearly delineating all Sites and distance to the community asset;
- 3) Documentation of pharmacy with health care, if applicable; and
- 4) Documentation of NAEYC accreditation, if applicable.

Scattered Site Projects must submit documentation for all Sites and will receive an overall score equal to the average score of all Sites.



**3) Revitalization Plan**

Projects in a locally adopted Revitalization Plan area that conforms to the standards listed below can earn up to three (3) points as follows:

| <b>Points</b> | <b>Community Impact</b>  |
|---------------|--|
| 1             | Project Site(s) is located within the boundaries of an area covered by a Revitalization Plan   |
| 2             | Project Site(s) is located within the boundaries of an area covered by a Revitalization Plan and located in a Qualified Census Tract   |
| 3             | Project Site(s) is located within the boundaries of an area covered by a Revitalization Plan; and located in a Qualified Census Tract; and provides evidence of demonstrable progress towards fulfillment of Revitalization Plan goals outside of the proposed Project, such as funding approvals or initiation of construction. |

Evidenced through submission of all of the following:

- 1) Scoring – Revitalization Plan Certification, available on the Website; and
- 2) A copy of the Revitalization Plan, accompanied by a brief summary that indicates the exact page numbers relevant to the Project.
- 3) Evidence of the public entity’s formal adoption of the Revitalization Plan prior to the Application deadline date in the form of a resolution or other documentation demonstrating this approval; and
- 4) A map clearly delineating the Site(s) within the boundaries of the Revitalization Plan/ Project area;
- 5) Listing of Site Census Tract; and
- 6) A letter from the public entity that administers the Revitalization Plan affirming
  - The Project will contribute to the housing policy goals within the Revitalization Plan / project area; and
  - To be considered for scoring maximum, a detailed description of the demonstrable progress has been made towards fulfillment of other Revitalization Plan / community revitalization goals, such as funding approvals or construction starts.

The Revitalization Plan must conform to all of the following standards and is subject to Authority review and approval:

- The Revitalization Plan must be a previously published document that is not more than 10 years old, including any updates. Acceptable planning documents include, but are not limited to comprehensive plans, land bank authority plans, transit oriented development

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plans, interjurisdictional plans, and other locally designated and approved plans subject to Authority review and approval.

- The Revitalization Plan is not a site plan, and covers the development or redevelopment of a combination of sites, a neighborhood, community, municipality or region;
- The Revitalization Plan must be formally adopted by a public entity local to the Project (municipality, county, regional authority, etc.)
- The Revitalization Plan must include housing policy goals.

**4) Jobs Housing Mismatch**

Projects with Sites located within a two (2) mile radius of a minimum number of jobs that also demonstrate a need for housing in the vicinity of jobs, can earn up to two (2) points as follows:

| <b>Minimum Jobs within a 2-Mile Radius of the Project</b> |  |                      |                    |                  |
|---|--|----------------------|--------------------|------------------|
| Set-Aside:  | <u>Chicago</u>   | <u>Chicago Metro</u> | <u>Other Metro</u> | <u>Non-Metro</u> |
| <b>Jobs:</b>  | 40,000   | 20,000               | 15,000             | 3,000            |
| -and-   |  |                      |                    |                  |
| <b>Points</b>   | <b>Percentage of Workers within a 2-Mile Radius whose Home Census Tract is more than 10 miles away</b> |                      |                    |                  |
| 1   | 35.0% - 54.99%   |                      |                    |                  |
| 2   | 55.0% or more  |                      |                    |                  |

Evidenced through submission of the Scoring – Jobs Housing Mismatch Certification, available on the Website.

Scattered Site Projects must submit documentation for all Sites and will receive an overall score equal to an average score of all Sites.

**D) Development Team Characteristics**

**1) Illinois Based Minority-, Female-, or Persons with Disabilities Participation**

Projects whose Participants’ place of business has been located in the State for a minimum of two (2) years that are certified under the Illinois Business Enterprise Program for Minorities, Females, and Persons with Disabilities, can earn up to two (2) points as follows:

| <b>Points</b> | <b>Participant</b>  |
|---------------|---|
| 1             | General contractor, Architect of Record, or property manager                    |
| 2             | General contractor, <b>-and-</b> Architect of Record <b>OR</b> property manager |

Evidenced through submission of all of the following for each Participant:

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- 1) Scoring—Illinois Based Minority Female or Persons with Disabilities Participation Certification; and
- 2) The Secretary of State’s Certificate of Good Standing for each Participant; and
- 3) Current certification from the Illinois Department of Central Management Services - Business Enterprise Program for Minorities, Females, and Persons with Disabilities

**2) Illinois-Based Organizations**

Participants who are qualified Illinois-based organizations whose principal place of business has been located in the State of Illinois for a minimum of two (2) years may earn up to three (3) points as follows:

| Points | Participant   |
|--------|---|
| 1      | Sponsor <b>–OR–</b> general contractor                                |
| 2      | Sponsor <b>–and–</b> general contractor                               |
| 3      | Sponsor <b>–and–</b> general contractor <b>–and–</b> property manager |

Evidenced through submission of the following for each Participant

- 1) Scoring—Illinois Based Organizations, available on the Website; and
- 2) The Secretary of State’s Certificate of Good Standing for each Participant.

**3) Non-profit Corporation Participation**

Projects that involve the participation of a Qualified Non-Profit Corporation can earn up to three (3) points as follows:

| Points | Participation of Qualified Non-Profit Corporation  |
|--------|--|
| 1      | Material Participation in the development and operations of the Project through the Extended Use Period  |
| 2      | Ownership interest of at least twenty-five (25%) in the general partner or non-investor member of the Owner that includes a distribution of financial benefits equal to or greater than the ownership interest through the Extended Use Period |
| 3      | Ownership interest of one-hundred (100%) in the general partner or non-investor membership of the Owner through the Extended Use Period  |

Evidenced through submission of all of the following:

- 1) Scoring – Non-Profit Corporation Participation Certification, available on the Website
- 2) The Qualified Non-Profit Corporation’s IRS determination letter; and

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- 3) The Qualified Non-Profit Corporation's Articles of Incorporation or By-Laws which evidence the fostering of low-income housing as an exempt purpose. The section of Articles or By-Laws which evidence the fostering of low-income housing as an exempt purpose should be clearly marked and highlighted; and
- 4) A written narrative detailing the Material Participation of the Qualified Non-Profit Corporation in the Project including the number of hours and corresponding activities that will be undertaken on a quarterly basis.

### **4) Unfavorable Practices**

All Applications must include the Scoring - Unfavorable Practices Certification, available on the Website.

Projects may lose up to nine (9) points if at any time within the past three (3) years a Participant has been involved in a regulated affordable housing development in which any of the following unfavorable practices apply:

- Record of unsatisfactory performance
- Negative results on any physical inspection
- Failure to provide and maintain amenities as represented in an Application
- Failure to provide and maintain services as represented in an Application
- Failure to construct or rehabilitate a development according to the governing Standards for Architectural Planning and Construction
- Failure to comply with any representations made in an Application
- Failure to make satisfactory progress
- Failure to utilize an Authority allocated resource
- Return or revocation of a Tax Credit Reservation
- Record of uncorrected noncompliance
- Filing of an IRS form 8823
- Failure to pay any fee or expense owed the Authority, including compliance monitoring fees.

In the event any of the above unfavorable practices apply to any Participant, the Scoring – Unfavorable Practices Certification must include an explanation of the circumstances surrounding the unfavorable practice as it relates to the role of the Participant.

Projects unable to submit a general contractor for evaluation at the time of Application due to a public competitive bidding requirement will receive a general contractor score prior to closing. Any general contractor scoring below zero (0) will not be acceptable.

**E) Financial Characteristics**

**1) Rental Assistance**

Projects with unit based (rather than tenant based) rental assistance ensuring tenants pay no more than thirty (30%) of their income towards rent and utility expenses combined, evidenced through submission of a rental assistance contract or commitment can cumulatively earn up to sixteen (16) points as follows:

|                           |                | State and Federal Rental Assistance    |      |            | Other Rental Assistance                |      |            |
|---------------------------|----------------|--|------|------------|--|------|------------|
|                           |                | Length of Remaining Assistance (years) |      |            | Length of Remaining Assistance (years) |      |            |
| % of Total Units Assisted |                | 3-5                                    | 6-10 | 11 or more | 3-5                                    | 6-10 | 11 or more |
|                           | 10.0% - 19.99% | 1                                      | 3    | 4          | 1                                      | 1    | 2          |
|                           | 20.0% - 34.99% | 3                                      | 5    | 8          | 1                                      | 3    | 4          |
|                           | 35.0% - 49.99% | 4                                      | 8    | 12         | 2                                      | 4    | 6          |
|                           | 50.0% or more  | 5                                      | 11   | 16         | 3                                      | 5    | 8          |

Evidenced through submission of all of the following:

- 1) Scoring – Rental Assistance Certification, available on the Website, and
- 2) A copy of the fully executed rental assistance contract or a rental assistance commitment letter from the entity providing the rental assistance that includes all of the following:
  - the maximum percentage of AMI; and
  - the total number of units assisted by unit type; and
  - the length of the rental assistance contract; and
  - the contract rent by unit type paid through the rental assistance. The contract rent is the maximum amount of rent paid to the Project by the rental assistance.

State and federal rental assistance commitments cannot be conditioned on an Allocation of Tax Credits. In no cases can rental assistance be funded from the development budget or operating budget of the Project.

Projects with “Other” forms of rental assistance will be required to fully fund a cash reserve, to be held by the Authority, prior to the issuance of the Extended Use Agreement. In addition, Applications for Projects with “Other” forms of rental assistance must include:

The amount of the cash reserve needed to fund the rental assistance as calculated by the Capitalized Rental Assistance Calculator, available on the Website.

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| Examples of Rental Assistance                                 |                      |
|---|----------------------|
| <u>State and Federal</u>                                      | <u>Other</u>         |
| Section 8 / RHI   | Employer assistance  |
| McKinney-Vento  | Developer assistance |
| Section 811 PRAC Contract                                     | Municipal assistance |
| Bridge Rental Subsidy Program                                 |                      |
| Rural Development- Rural Rental Assistance                    |                      |
| Veterans Affairs Supportive Housing (VASH)                    |                      |
| Rental Housing Support Program                                |                      |
| Veterans Affairs Per-Diem                                     |                      |
| Other State or Federal sources as determined by the Authority |                      |
| SHP / Shelter + Care  |                      |

**2) Leveraging Authority Resources**

Projects whose budgets include leveraging resources that are available during the construction period to pay for expenses reflected in the development budget and remain in the Project after construction (ie. permanent financing), as evidenced through submission of the Scoring—Leveraging Authority Resources Certification, available on the Website, can earn up to five (5) points as follows:

| Points | Leveraging Resources as a % of the total Project budget |
|--------|---|
| 1      | 5.00% - 9.99%   |
| 2      | 10.0% - 19.99%  |
| 3      | 20.0% - 29.99%  |
| 4      | 30.0% - 39.99%  |
| 5      | 40.0% - 100%  |

| <u>Leveraging Resources</u>  | <u>Non-Leveraging Resources</u>  |
|--|--|
| Funds provided by a non-Authority source (e.g. DCEO, FHLB, municipal grants and loans) | Funds generated by Authority allocated resources (i.e. tax-credit equity)    |
| Authority funds with a market rate of interest   | Authority funds with a non-market rate of interest                           |
|  | Loans that are repaid from Authority allocated resources (i.e. bridge loans) |

|  |  |  |
|--|--|--|
|  |  | A seller's financing note  |
|  |  | Funds from a Project Participant including deferred developer fees |

**3) Other Resources**

Projects that have submitted complete applications for the Affordable Housing Program (AHP) through the Federal Home Loan Bank of Chicago can earn two (2) points as follows:

Evidenced through submission of the following:

- Scoring – Other Resource Certification, available on the Website
- Confirmation from Federal Home Loan Bank of Chicago that a complete application has been submitted within twelve (12) months of the Tax Credit Application submission date.

**F) Special Housing Needs**

**1) 30 Percent (30%) Area Median Income Housing**

Projects providing units with rents restricted to the 30% AMI limit and occupancy restricted to households with incomes at or below 30% of AMI, evidenced through submission of the Scoring – 30 Percent AMI Housing Certification, available on the Website, can earn up to ten (10) points as follows:

| Points | 30% AMI units as a % of the total Project units for Projects ≤ 40 units | 30% AMI units as a % of the total Project units for Projects ≥ 41 units |
|--------|---|---|
| 1      | 4.00% - 9.99%   | 1.00% - 4.99%   |
| 2      | 10.0% - 14.99%  | 5.0% - 9.99%  |
| 4      | 15.0% - 19.99%  | 10.0% - 14.99%  |
| 7      | 20.00% - 24.99%   | 15.00% - 19.99%   |
| 10     | 25.0% or more   | 20.0% or more   |

**2) State Referral Network Units**

Projects that include State Referral Network Units, evidenced through submission of the Scoring – State Referral Network Units certification, available on the Website can earn points as follows:

| Points | State Referral Network Units as a % of the total Project units |
|--------|--|
| 1      | 4.99% or less*   |
| 2      | 5.00% - 9.99%  |

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|                                 |                 |
|---------------------------------|-----------------|
| 4                               | 10.00% - 14.99% |
| 7                               | 15.00% - 19.99% |
| 10                              | 20.00% - 25.00% |
| * Must be at least one (1) unit |                 |

Note: Projects seeking points in this category should carefully review the definition of State Referral Network Units and understand the requirements and implications. Projects receiving points in this category will be required to submit and receive approval of a Statewide Referral Network Agreement, available on the Website, prior execution of an Extended Use Agreement.

**3) Veterans Housing**

Projects providing housing for veterans can earn up to five (5) points as follows:

| Points | Scoring Threshold   |
|--------|---|
| 2      | Project has a Veteran’s Administration (VA) commitment for the provision of onsite social services; or  |
| 3      | Project has a commitment for Veteran’s Administration Supportive Housing (VASH) Vouchers for 50% or more of the total units; or   |
| 5      | Project has a Veteran’s Administration (VA) commitment for the provision of onsite social services;<br>-and-<br>Project has a commitment for Veteran’s Administration Supportive Housing (VASH) vouchers for 50% or more of the total units |

Evidenced through submission of all of the following:

- 1) Scoring – Veterans Housing Certification, available on the Website, and
- 2) A Veteran’s Administration commitment for the provision of onsite social services; and / or
- 3) A commitment for Veteran’s Administration Supportive Housing (VASH) vouchers for 50% or more of the total units that includes all of the following:
  - the maximum percentage of Area Median Income; and
  - the total number of units assisted by unit type; and
  - the length of the rental assistance commitment; and
  - the contract rent by unit type.

**G) Tiebreaker Criteria**

In the event that two (2) or more Projects have an equal number of points, the following will be used to determine selection:



**1) First Tiebreaker: Lowest Total Development Cost per Unit**

The Project with the lowest Grand Total development cost per unit as calculated by the Common Application.

If a tie still remains;

**2) Second Tiebreaker: Tenant Homeownership**

Projects that are intended for eventual tenant ownership.

If a tie still remains;

**3) Third Tiebreaker: Tenant Populations of Individuals with Children**

Projects that serve populations of individuals with children.