

**2008 & 2009 Qualified Allocation Plan (QAP)
Low Income Housing Tax Credits (LIHTC)
Illinois Housing Development Authority (IHDA)**

**Summary of Amendments for the CY 2009
Qualified Allocation Plan**

All referenced page number correspond to the Amended 2008 & 2009 QAP

I. Table of Contents

a. Supplements (p. 3): -

1. Income limits for rural areas. **DUE TO LEGISLATION**

a. Nonmetropolitan Income – The Housing and Economic Recovery Act of 2008 provides that income limits for projects in Rural areas that receive their Tax Credits from an Allocation of Authority Housing Credit Ceiling (but not for projects that get Tax Credits by virtue of tax-exempt financing) shall be measured by reference to the greater of area median gross income or national nonmetropolitan median income. Once the national nonmetropolitan income figures are determined for various household sizes, they will be published in a revised Supplement #1.

2. Add Supportive Housing Populations Set-Aside Support Plan Template.

II. Definitions

a. Definition of Architect of Record (p. 5): Language added.

b. Definition of Green Development Components (p. 7): Language added.

c. Definition of Related Party (p.10): Language added.

d. Definition of Rural (p. 10) **DUE TO LEGISLATION** : Language added.

III. Application Process

a. Receipt of Application (p. 14): Change to Monday, December 8, 2008.

b. Increase Requests (p. 19): **DUE TO LEGISLATION**

1. Increase requests due to the new legislation or at IHDA's request will not result in the reduction of points for Scoring Category of Developer Team Record.

IV. Mandatory Application Requirements

a. Minimum Energy Efficiency Standards (p. 27): Add Architect of Record.

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V. Scoring Categories

- a. Development Team Record (p. 46): DUE TO LEGISLATION
 - i. Increase requests due to the new legislation or at IHDA's request will not result in the reduction in points for this Scoring Category.

- b. Green Checklist and Inspection Fee (p. 49):
 - i. Added: Green Checklist must be included in application in order to be awarded points.

 - ii. Include inspection fee for all projects to review green development components and enhanced accessibility for which the project received points. A fee of \$1,500 will apply, and should be included in the development budget. Inspection fee would be due/paid with the project's executed Reservation Letter.

- c. Project Design/Amenities (pgs. 49): DUE TO LEGISLATION
 - i. Historic Nature: Projects designated locally as historic landmarks and projects in locally designated historic districts will earn (1) one point where the landmark or district is certified by the Illinois Historic Preservation Agency or the National Park Service and the application includes appropriate documentation as to the designation.

VI. Mandatory Project Standards

- a. Grants/Federal Subsidies (p. 57): DUE TO LEGISLATION - No longer required, deleted.

- b. HOME Program Projects (p. 57) DUE TO LEGISLATION - No longer required, deleted.

- c. Tax Credit Calculation (p. 57): DUE TO LEGISLATION - For new construction and substantially rehabilitated buildings that are not federally subsidized, the applicable percentage (i.e. Credit rate), is temporarily increased to no less than 9%. Applicable for buildings that are placed in service after the Act becomes law (July 30, 2008) and before 12/31/2013.

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VII. Reservation/Determination of Tax Credits

- a. Election of Tax Credit Rate (p. 60): DUE TO LEGISLATION – In the case of any non-federally-subsidized building, as defined in Section 42, which is placed in service after July 30, 2008 and before December 31, 2013, the applicable fraction percentage shall be nine percent (9%). Where a building meets the definition of federally-subsidized under Section 42, the Owner must elect the Tax Credit rate in effect during either (1) the month in which the tax-exempt obligations were issued; or (2) the month during which the Project is placed in service. To elect the first alternative, the Owner must execute, and have notarized, the election rider to the Determination Letter no later than the fifth day of the month following the month in which the tax-exempt obligations were issued.

- b. The Housing and Economic Recovery Act of 2008 provides that allocating agencies may provide up to a 30% boost (a “Boost”) to the eligible basis of buildings designated by the agency, resulting in an increase in the Allocation to the Project (pgs. 63-64):

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

Note the following limitations to the Boost:

- a. Buildings located in Qualified Census Tracts are ineligible for the increase in an Allocation under this section;
- b. The increase in the amount of Tax Credits awarded under this section will be the **minimum amount of Tax Credits required to achieve financial feasibility**, so

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may result in an amount less than the thirty percent (30%) increase allowed by this section.

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

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

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

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

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- c. experience unforeseen difficulties in obtaining financing commitments such that they become financially infeasible

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

VIII. Allocation

- a. Evidence of Site Control (p. 65) - The evidence of Site Control in the Owner's name must be satisfactory to the Authority and must extend at least through June 30th of the year following the year in which the Carryover Allocation was made and received by November 1, of the year of allocation. On June 1, of the year following the Carryover Allocation, evidence of Site Control must be submitted to the Authority, in the Owner's name must be satisfactory to the Authority and must extend at least through December 31st of the year following the Carryover Allocation.
- b. Carryover Allocations (p. 65): DUE TO LEGISLATION – Each Owner approved for a Reservation must evidence to the satisfaction of the Authority that more than ten percent (10%) of the reasonably expected basis in the Project (the "Ten Percent Test") has been incurred no later than twelve (12) months after the Carryover Allocation (the "Ten Percent Date").

IX. Attachments

- a. Updated Fee Schedule (p. 140)
 - 1. Include inspection fee for site visits for all projects to review green development components and enhanced accessibility for which the project received points. (Attachment 5)
- b. Non-Rural Municipalities (p. 144): Updated for 2009. Freeport in Stephenson Co. now considered rural. (Attachment 7)

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- c. Sample Calculation of Annual Tax Credit Amount (p. 147): DUE TO LEGISLATION
1. Change rate from 8.25% to 9%.
 2. Add “A Project shall be treated as federally subsidized for any taxable year if there is or was outstanding any obligation, the interest on which is exempt from tax under section 103 of the Internal Revenue Code, and the proceeds of which are or were used (directly or indirectly) with respect to such Project or the operation thereof”.