



## 2022-2023 DRAFT 9% QAP OVERVIEW OF CHANGES

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### **Part A: Requirements for 9% Tax Credits**

#### **Section 1 – Introduction**

- 1.1 Updates the Tax Credit Reservation Schedule with the 2022 and 2023 Funding Round Schedules

#### **Section 2 – Tax Credit Reservation and Allocation Process**

- 2.1 Updates the Per Capita Tax Credit amount.
- 2.2 Raises the Supportive Housing for Families maximum allocation from \$840,000 to \$880,000. Clarifies language.
- 2.2.2 Updates the Supportive Housing for Families set-aside allocation from one project maximum to a maximum allocation of \$880,000. Removes languages that prohibits Projects that apply in the set-aside from applying in another set-aside or in the General Pool.
- 2.2.3 Updates the Disaster Recovery set-aside allocation from one project maximum to a maximum allocation of \$880,000. Clarifies language.
- 2.2.4 Updates the Rural set-aside allocation from one project maximum to a maximum allocation of \$880,000. Clarifies language.
- 2.2.5 Adds the Preservation set-aside with an allocation from one project maximum to a maximum allocation of \$880,000.
- 2.2.6 Adds the Derecho Disaster set-aside - 2022 Round only if funds are available.
- 2.3.1 Raises the Developer Cap from \$1,680,000 to \$1,760,000. Removes that co-developers are allocated tax credits based on percentage of interest in the Project.
- 2.3.2 Raises the Project Cap from \$840,000 to \$880,000.
- 2.5 Realigns the Priority list. Clarifies language.

#### **Section 3 – Threshold Requirements – Application Process**

- 3.3.1.3 Adds that an existing LIHTC Project must meet existing LURA requirements.
- 3.8 Removes the IRS Form 8609 extension fee, Pre-closing fee. Adds the LURA amendment fee.

#### **Section 4 – Threshold Requirements – Underwriting**

- 4.3.2 Lowers the replacement reserves for Family Projects from \$400 to \$350.
- 4.9 Increases the Tax Credit Cap per LIHTC Unit by 5% per bedroom size.
- 4.10 Clarifies language.
- 4.10.1 Reduces the eligible basis increase available for Projects in QCT's and DDA's from 15% to 10%.
- 4.10.1.2 Reduces the eligible basis increase available for Projects in a QCT with a Concerted Community Revitalization Plan from 15% to 10%.
- 4.10.2 Clarifies language. Reduces the eligible basis increase available for Projects in a Rural County from 15% to 10%.
- 4.10.3 Removes the eligible basis increase available for Projects Serving Lower AMI's (Area Median Income). Adds up to a 10% increase in eligible basis for Projects that Provide Units with a Rent Reduction up to 10%.
- 4.10.4 Adds up to a 10% increase in eligible basis for Projects that Provide Units with Four Bedrooms.
- 4.10.5 Adds a 10% eligible basis increase available for Projects with Supportive Services.
- 4.10.6 Adds up to a 10% increase in eligible basis for Projects that Provide Units with a Rent Reduction.
- 4.10.7 Adds up to a 10% increase in eligible basis for Projects with Universal Design Features and Additional Project Amenities.
- 4.10.8 Adds up to a 10% increase in eligible basis for Projects that are Single Family, Duplex, Row or Townhouse.
- 4.11.3 Clarifies that the average income test is not available for Scattered Sites Projects.

#### **Section 5 – Threshold Requirements – All Developers/Ownership Entities**



- 5 Adds that to meet threshold requirements the Ownership Entity shall waive the right to a Qualified Contract and the right to ask IFA to find a buyer after year 14.
- 5.3 Clarifies language.
- 5.3.1 Clarifies language.
- 5.3.1.1 Removes the requirement that New or Returning Developers shall attend mandatory developer training.
- 5.4.1.1 Clarifies that Scattered Site Projects cannot elect the average income test.
- 5.4.2 Adds a police or fire station as a service. Removes public transportation as a service.
- 5.5 Clarifies language.
- 5.6 Clarifies that Preliminary Costs and Scope or Work are required for Acq Rehab/Rehab Projects and not all Projects. Clarifies language.
- 5.7 Removes duplicative language that a CNA is required for Acq Rehab/Rehab Projects
- 5.15 Lowers the minimum score from 115 to 100. Removes the exemption of the minimum score for Projects applying under the Supportive Services for Families.

## **Section 6 – Scoring Criteria**

- 6.1.1 Serves Lowest Income Residents – Reduces points from up to 30 to up to 10. Clarifies point requirements.
- 6.1.1.1 Rent Burdened Households – Adds up to 4 points for households experiencing rent-burden.
- 6.1.2 Rent Reduction – Adds up to 10 points for Projects with LIHTC rents for 60% or 50% AMI Units at the 40% AMI rent levels.
- 6.1.3 Market Rate Incentive – Change of section number.
- 6.1.4 Serves Tenant Populations of Households with Children – Change of section number. Clarifies point requirements.
- 6.1.4 Provides an Opportunity for Homeownership – Removes this point category.
- 6.1.5 Supportive Services for Families – Adds 10 points for Projects that reserve at least 10% or the total Project Units to persons experiencing homelessness.
- 6.2.3 Rural Disaster Recovery – Removes points for rural cities that are eligible for Section 2.2.3 – Disaster Recovery set-aside
- 6.2.3 Scattered Site Projects – Adds 5 points for Scattered Site Projects.
- 6.2.4 Acq Rehab/Rehab Projects in Underserved Cities – Adds up to 2 points to Acq Rehab/Rehab Projects in cities that have been underserved.
- 6.2.5 Density – Adds 4 points to Projects that are located in a census tract that has a low percentage of LIHTC Units Placed-in-Service compared to the total number of households.
- 6.2.6 Rent Burdened Households – Adds 3 points for Projects located in census tract where households are experience rent burden. Rent burden is defined as households spending more than 40% of their income on housing costs.
- 6.2.7 Public Transportation – Adds up to 3 points for Projects that are near public transportation that meets certain requirements.
- 6.3.1 Market Appeal – Reduces total points from 29 to 27. Adds amenities menu. Clarifies point requirements.
- 6.3.4 Construction Characteristics – Reduces total points from 16 to 14 points. Clarifies point requirements.
- 6.3.5 Olmstead Goals – Reduces required Fully Accessible needed to exceed to receive points. Clarifies language.
- 6.3.7 Energy Efficiency – Increases the percentage need to exceed ASHRAE90.1-10 from 20% to 25%. Clarifies language.
- 6.3.8 Single Family, Duplex, Row or Townhouse – Adds up to 5 points for percent of the total units that are single family, duplex, row, or townhouse.
- 6.4.2.1 LIHTC Experience – Updates dates.
- 6.4.2.2 Multifamily Rental Experience – Updates dates.
- 6.4.2.3 Nonprofit Organization Experience – Adds up to 2 points for CHDOs who apply under the nonprofit set-aside and applies for State HOME funds and sole developers that are the sole GP/MM or the sole shareholder/owner of the GP/MM.
- 6.4.2.4 Developer, General Partner or Managing Member Performance – Increases negative points from 2 to 4. Adds a negative point for a Developer or GP/MM who have requested and received a qualified contract after July 1, 2021. Adds a negative point for a Developer or GP/MM with an Iowa Project that has shown a lack of progress on the issuance of IRS Form 8609, 36 months after Carryover issuance, starting with Projects awarded after July 1, 2020.
- 6.4.3 Construction and On-Site Work Costs – Change of section number.



### **Section 7 – Selection Criteria and Notice of the Tax Credit Award.**

- 7.2** Adds that if a third tiebreaker is needed, preference will go to ROSE (Iowa Renter to Ownership Savings Equity) Projects.
- 7.3** Updates dates.
- 7.5.4** Updates dates.
- 7.5.5** Updates dates.
- 7.5.6** Clarifies language.

### **Section 8 – Post Reservation Requirements**

- 8.6.2.1** Adds that a commitment to notify the Local Lead Agency of all vacancies is due with the Carryover-10% Test.
- 8.7** Removes that the commitment to notify the Local Lead Agency of all agencies is due with the Prior to Placed-in-Service documents submission.
- 8.8** Removes the requirement that Project owners and management companies shall attend 8 hours of compliance training. Clarifies that a current certificate of Mental Health First Aid training is required at the time the IRS Form 8609 application is due not a certificate issued within 12 months of this application submission. Clarifies language.
- 8.10** Changes the due date of the submission of the annual audited financials from within 90 days from the close of the Projects fiscal year to 120 days.
- 8.12** Clarifies language.

### **Part C – Threshold Requirements for Building, Construction, Site and Rehabilitation**

**Introduction** – Reduces the percentage of accessible units required to meet threshold from 10% to 5%. Clarifies accessible unit language.

- A** Site Control – Clarifies parking site control language.
- G 1.8** Trash Enclosures – adds that trash removal areas must be enclosed as a threshold requirement.
- G 2.1** Accessible Units – Reduces the percentage of accessible units required to meet threshold from 10% to 5%. Clarifies accessible unit language.
- G 3.1** Heating and Cooling – Adds that AC sleeves shall be provided for thru wall units. Clarifies language.
- G 3.2.1** Energy Efficiency-New Construction – Adds additional options for energy efficiency requirements.
- G 4.4** Exterior Construction – Units Doors – Clarifies requirements.
- G 4.5** Overhead Doors – Removes threshold requirements.
- G 5.1** Interior Construction – Units Doors – Clarifies requirements.
- G 5.10** Smoke Detectors – Adds smoke detectors threshold requirements.
- G 5.11** Minimum Bathroom Accessories – Adds a list of minimum bathroom accessories.
- G 6.2** Resilient Flooring – Clarifies language.
- G 6.3** Resilient Flooring – Bathroom – Clarifies language.
- J** Capital Needs Assessment – Clarifies language.

### **Part D – Glossary of Terms**

Amends and adds glossary terms.