

## OVERVIEW OF CHANGES FOR THE 2019 9% QUALIFIED ALLOCATION PLAN

### **Introduction**

- Added IRC Section 42 requirements.
- Updates the Tax Credit Reservation Schedule with pre-applications due November 1, 2018, threshold applications due on January 16, 2019 and awards presented at the April 2019 Board Meeting.

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

- 2.1 Updates the Per Capita Tax Credit amount.
- 2.2 Raises the maximum amount of Tax Credits allowed for allocation to the Supportive Housing for Families set-aside from \$820,000 to \$840,000. Updates set-aside information.
  - 2.2.1 Updates the nonprofit participation information due date.
  - 2.2.2 Updates the qualified service provider information due date. Raises maximum amount of Tax Credits per LIHTC Unit for each bedroom type. Adds that this set-aside is not eligible for the Income Average Test minimum set-aside. Removes National Housing Trust Fund language.
  - 2.2.3 Reduces percentage of the Preservation set-aside from 10% to 7%.
  - 2.2.4 Reduces percentage of the Rural set-aside from 10% to 7%.
  - 2.2.5 Adds the Disaster Recovery set-aside with 7% of all available Tax Credits for Projects meeting certain requirements from the Joint Preliminary Damage Assessment dated August 13-14, 2018. States that Disaster Recovery Projects will be eligible for a 30% basis boost and will be allowed to exceed the Tax Credit Cap per LIHTC Unit by 30%.
- 2.3 Raises the maximum amount of Tax Credits allowed for allocation to a single developer from \$1,230,000 to \$1,260,000. Adds a maximum number of Projects allowed to be allocated to a single developer to 3.
  - 2.3.2 Raises the maximum amount of Tax Credits allowed for allocation to a single Project from \$820,000 to \$840,000.
- 2.5 Clarifies the Prioritization of the review and award of Tax Credits.
- 3 Section number updates.
  - 3.2.1.2 Adds Qualified Service Provider participation from 3.3.3. Updates the qualified service provider information due date.
  - 3.2.1.3 Adds Nonprofit Participation from 3.3.4. Updates the nonprofit participation information due date.
  - 3.3.1.1-3.3.1.4 Adds pre-application requirements and clarifies language.
  - 3.3.2.1 Adds Threshold Deficiency Review Period information from 5.1.
  - 3.3.2.2 Adds Site Visits from 3.3.5.
  - 3.3.2.3 Adds Authorization Forms from 3.3.6.
  - 3.3.2.4 Adds Document Timeliness from 3.3.8.
  - 3.3.2.5 Adds Opinions and Certifications from 3.3.9.
  - 3.3.3 Adds Scoring Determination from Section 5.18.
  - 3.4 Adds Costs Associated with Application Review from 3.3.10.
  - 3.5 Adds Ownership of Applications from 3.3.11.
  - 3.6 Adds Public Information from 3.3.12.
  - 3.7 Adds Qualified Residential Rental Property from 3.3.13.
  - 3.8 Adds Fees from 3.3.7.
    - Clarifies the market study fees are due at the time of pre-application submission.

## OVERVIEW OF CHANGES FOR THE 2019 9% QUALIFIED ALLOCATION PLAN

- Clarifies the applicant will be billed for a market study change as IFA is billed by the market study provider.
- Raises the Application fee from \$2,500 to \$2,750.
- Clarifies the applicant will be billed for the actual cost of filing the LURA and LURA amendments.
- Adds a \$1,000 fee for amending the IRS Form 8609.
- Raises the Construction Monitoring fee from \$2,500 to \$2,800.
- Raises the Compliance Monitoring fee from \$28 to \$30 per Unit x number of total Project Units. Adds an additional annual file audit fee of \$20 per Unit x number of total Project Units for those Projects electing the Income Average Test minimum set-aside.
- 4 Section number updates. Clarifies that IFA allocates the Tax Credit amount to the Ownership Entity based on the credit price obtained from the Tax Credit investor(s) and applies this price to 100% of the Tax Credit amount.
- 4.1.3.1 Raises the maximum net cash flow per unit per year for the first 15 years from \$250 to \$500 for Projects with 25 Units or less.
- 4.1.7 Clarifies the rent increase limit is the net rent.
- 4.2.1 Raises operating expenses for housing for older persons from \$3,400 to \$3,500.
- 4.2.2 Raises operating expenses for housing for families from \$3,600 to \$3,700.
- 4.5 Clarifies language and adds that the amount of the permanent loan shall be at least 95% of the amount listed in the threshold approved Application.
- 4.6 Removes National Housing Trust Fund language.
- 4.6.1 Adds that for Acq/Rehab or Rehab Projects, the rehab portion of a developer's fee shall not exceed 15% for the first 36 Units within the Project and not exceed 13% for the remaining Units within a Project with more than 36 Units.
- 4.9 Raises the Unit Cost Caps by 3%.
- 4.9.1 Raises the Tax Credit Cap per LIHTC Unit by 3%.
- 4.10.1.2 Adds that a basis boost of 15% is available to Projects located in a QCT with a concerted community revitalization plan. Adds concerted community revitalization plan requirements.
- 4.10.3 Adds that this section is not eligible for the Income Average Test minimum set-aside.
- 4.10.4 Adds a basis boost of 30% for Projects eligible under the Disaster Relief Set-Aside.
- 4.11 Adds the three minimum set-aside elections, including the Income Average Test and requirements for each.
- 4.12 Adds Section 811 requirements from 4.11. Removes National Housing Trust Fund.
- 5 Section number updates.
- 5.3 Adds Qualified Development Team from 5.4.2. Adds that the management company/manager should have at least 3 years of Section 42 management experience and that they are currently managing a Section 42 property.
- 5.3.1 Adds New Developer from 5.4.2.1.
- 5.3.3 Adds that a Developer or General manager/managing member shall only be listed as a QDT member for a maximum of 4 applications.
- 5.3.4 Adds that if there is an identity of interest between the Project's Tax Credit investor and the Owner Representative, an IFA approved third party asset manager with at least 3 years' experience is required.
- 5.4.1 Clarifies location and site requirements.

## OVERVIEW OF CHANGES FOR THE 2019 9% QUALIFIED ALLOCATION PLAN

- 5.4.2 Adds Location near Services as a threshold requirement. A Project within an MSA shall be within the distance stated of 2 or more services listed and a Project in a non-MSA shall be within the distance stated of 1 service listed.
- 5.5 Adds Concerted Community Revitalization Plan from 5.17.
- 5.6 Adds Scattered Sites from 5.9.
- 5.7 Adds Adequate Market from 5.11.
- 5.8 Adds Appraisals form 5.4.1.
- 5.9 Adds Land/Acquisition with an Identity of Interest from 5.4.1.1.
- 5.10 Adds Preliminary Costs and Scope of Work for All Projects from 5.4.3. Clarifies language
- 5.11 Adds Displacement of Residential Tenants from 5.5. Clarifies language.
- 5.12 Adds Confirmation of Eligibility – Acq/Rehab from 5.6.
- 5.13 Adds Rehab Standards from 5.7. Clarifies language.
- 5.14 Adds Building Standards from 5.8.
- 5.15 Adds Market Rate Standards from 5.16.
- 5.16 Adds Senior Projects Standards from 5.13.
- 5.17 Adds Minimum Project Score from 5.12. Adds a Project shall have a minimum score of 130 to meet threshold. Projects applying under 2.2.2 are exempt.
- 5.18 Adds Next Available Unit Rule from 5.15.
- 5.19 Adds Acknowledgements from 5.10.
- 5.20 Adds Ineligibility from 5.4.6.
- 5.20.2.4 Adds that Developers, Ownership Entities and the General Partners/managing members thereof, or any other persons determined by IFA to have an Identity of Interest or of personnel with any thereof, for whose Project an incorrectly completed IRS Form 8609 was submitted, from 5.20.3.6.

### **Section 6 - Scoring:**

- 6 Section number updates.
- Intro Clarifies that if the Project is Historic, the Applicant is responsible for completing due diligence with the State Historic Preservation Office (SHPO) to ensure all construction-related scoring elections are permitted by SHPO prior to submission of the threshold Application
- 6.1.1 Serves Lowest Income Residents – Adds that this section is not eligible for the Income Average Test minimum set-aside.
- 6.1.2 Market Rate incentive –Adds that this section is not eligible for the Income Average Test minimum set-aside. Clarifies language.
- 6.1.3 Serves Tenant Population of Individuals with Children – Adds that Projects with three bedroom Units shall have at least one full bathroom and one three quarter bathroom. Projects with four or more bedroom Units shall have at least two full bathrooms (a minimum 5’ wide ADA compliant roll in shower may be substituted for one tub in a unit). Reduces points from 5 points to 3 points.
- 6.1.4 Provides an Opportunity for Homeownership – Adds that this section is not eligible for the Income Average Test minimum set-aside.
- 6.3.1 Market Appeal
  - Raises total points to 39 from 35.
  - Clarifies Video Security System language.

## OVERVIEW OF CHANGES FOR THE 2019 9% QUALIFIED ALLOCATION PLAN

- Adds Fitness Center for 3 points.
  - Adds Free Community Laundry for 2 points.
  - Increases Community Room from 3 points to 4 points.
  - Adds Playground for 2 points.
- 6.3.3 Projects with Voucher Assistance – Adds that this section is not eligible for the Income Average Test minimum set-aside.
- 6.3.4 Construction Characteristics – Clarifies language. Decreases total points from 17 to 16. Clarifies point requirements.
- 6.3.5 Olmstead Goals – Clarifies language. Adds that all rooms and floors within a multi-level Accessible Unit shall be accessible.
- 6.3.6 Impact on Environment – Clarifies language. Removes high efficiency central boilers point option. Raises central water heaters points from 1 to 2 and clarifies language.
- 6.4.2 Developer or GP/MM Experience and Performance – Experience: Reduces total points from 6 to 5. Performance: Adds negative points for 2017 Carryover Tests due date extension requests, 2014 and 2015 awarded Projects who ask for an extension on the IRS Form 8609 test due date and 2016 and 2017 Projects who have any missed or failed inspections.
- 6.4.4 Construction and On Site Work Costs – Reduces total points from 4 to 3. Adds tiered points up to 3 based on Construction and On Site Work as a percentage of Total Development Costs minus land from all threshold submitted Applications.
- 6.4.5 CNA – Reduces points from 8 to 5.
- 6.4.6 Environmental Site Assessment – Clarifies language.
- 6.4.7 Leverage – Reduces points from 14 to 3. Adds Tax Credit Cap – tiered points up to 6 based on the Project’s Tax Credit amount requested as a Percentage of the Project Tax Credit cap from all threshold submitted Applications.
- 6.4.7.1 Removes Land and/or Cash Contribution.
- 6.4.7.2 Removes Below Market Interest Rate Loan.

### **Selection Criteria and Notice of the Tax Credit Award**

- 7.3.2 Clarifies language.
- 7.8.2 Clarifies language.

### **Post Reservation Requirements**

- 8 Section number updates.
- 8.1.6 Clarifies language.
- 8.1.7 Adds that a pre-construction meeting shall be held shortly before the start of construction and its requirements.
- 8.2 Clarifies language.
- 8.2.1 Clarifies language.
- 8.6 Clarifies language.
- 8.6.2.1 Adds Local Lead Agency from 5.14.
- 8.7 Clarifies language. Adds that Certificate of Occupancy for new construction and adaptive reuse for each building. Architect’s certification of completion for rehab Projects for each building.
- 8.12.3 Adds that Projects that elect the Income Average Test shall have an annual tenant file review.

## OVERVIEW OF CHANGES FOR THE 2019 9% QUALIFIED ALLOCATION PLAN

### **Appendix 1-Threshold Requirements for Building, Construction, Site and Rehabilitation**

- Introduction – Clarifies language.
- A – Site Control – Clarifies language.
- G – Minimum Development Characteristics:
  - Realigns categories
  - 1.1 Construction Warranty – Clarifies language.
  - 1.5 Unit Bathrooms -- Clarifies that Units with two full bathrooms, a 5’ wide ADA compliant roll in shower may be substituted for one tub.
  - 2.1 Accessible Units – Clarifies that all rooms and floors within a multi-level Accessible Unit shall be accessible.
  - 3 Energy Requirements – Clarifies language and requirements.
  - 4.2 Roofs – Clarifies language.
  - 5.6 High Speed Internet Access – Clarifies that data wiring provided shall be capable of supporting broadband of a minimum 25 MBps download speed.
- H - 5 – Submission of Site Characteristics – Adds that sites that are located within a 100-year flood zone are not permitted, with 2 exceptions: a) acquisition/rehabilitation Applications for existing LIHTC Properties that have exceeded the 15-year Compliance Period and have submitted a flood mitigation plan acceptable to IFA; or b) sites included in flood control projects approved and funded by the Iowa Flood Mitigation Board with additional IFA requirements.
- H - 9 – Submission of Site Characteristics – Adds that Sites that are within 300 feet of an electrical power substation, natural gas or similar substation shall mitigate the visual effect by erecting a privacy wall/fence and/or building a berm with tree and shrub plantings, subject to IFA’s approval.
- I – Rehabilitation Standards – Adds that upgrading electrical circuits to have GFCI outlets at kitchens, baths, laundries and other applicable locations. Adds that upgrade all interior lighting to Compact fluorescent and/or LED.

### **Appendix 2-Glossary of Terms**

Amends and adds glossary terms.

Accessible Units – All rooms and floors within a multi-level Accessible Unit shall be accessible. Accessible Units shall be dispersed throughout the Property and in different bedroom sizes rather than segregated.

Free internet connectivity – added a minimum upload speed of 3MBps.

Added-updated definitions for:

Community College

Convenience Store

Free Community Laundry

Full Service Grocery Store

Income Average Test (Income Averaging)

Licensed Day Care

Medical Services

Park

Pharmacy

Playground - updated

Public Library

Public Transportation

Schools

Senior Center

Storage Unit – updated