

LIHTC 2020 ROUND QUESTIONS AND ANSWERS
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1.1 – RESERVATION SCHEDULE	3
2.2.2 – SUPPORTIVE HOUSING FOR FAMILIES SET-ASIDE.....	3
2.3.1 – DEVELOPER CAP	3
3.4 – HOME FUNDS.....	3
3.8 – FEE SCHEDULE.....	3
4.1.10 – APPRAISALS.....	3
4.3.1.1 – OPERATING RESERVES	3
4.5 – FINANCING COMMITMENTS.....	3
4.6.1 – DEVELOPER FEE.....	4
4.10 – BASIS BOOST	4
4.10.3 – BASIS BOOST – SERVING LOWERING AMI’S	4
4.10 – BASIS BOOST/6.1.1 SERVES LOWEST INCOME/6.1.2 MARKET RATE INCENTIVE	4
5.3.2 – OPEN PROJECTS LIMITATION	4
5.4.2 – LOCATION NEAR SERVICES	4
5.5.4 – MULTIPLE FUNDING SCENARIOS	4
5.9 – CONFIRMATION OF ELIGIBILITY – ACQUISITION/REHABILITATION.....	4
5.15 – NEXT AVAILABLE UNIT RULE	4
SECTION 6 – SCORING.....	5
6.1.3 – SERVES TENANT POPULATION OF HOUSEHOLDS WITH CHILDREN.....	5
6.2.1 – GREAT PLACES.....	5
6.3.1 – MARKET APPEAL	5
6.3.3 – PRESERVATION & CONVERSION OF EXISITNG RENTAL UNITS	5
6.4.2.1 – LIHTC EXPERIENCE.....	5
6.4.4 – CONSTRUCTION AND ON-SITE WORK COSTS	5
8.1 – COMPLIANCE	6
PART C – THRESHOLD REQUIREMENTS FOR BUILDING, CONSTRUCTION, SITE AND REHABILITATION ..	6
A – SITE CONTROL.....	6
G – MINIMUM CONSTRUCTION CHARACTERISTICS	6
1.5- UNIT BATHROOMS.....	6
EXHIBITS	6



5B – SITE PLANS 6

ALL NEW QUESTIONS ARE IN RED
IFA ANSWERS TO NEW QUESTIONS ARE IN BLUE

2020 9% QAP

1.1 – RESERVATION SCHEDULE

Can 8609 applications be submitted on a quarterly or a semi-annual basis?
IFA takes IRS Form 8609 applications all year round. The application due date is the for the calendar year.

2.2.2 – SUPPORTIVE HOUSING FOR FAMILIES SET-ASIDE

Will IFA post who has submitted qualified service provider documents?
No, a full applicant listing will be posted after the application due date.

2.3.1 – DEVELOPER CAP

If there are two qualified developers and a consultant in a deal -- who's getting what amount of fee? Does it have to be a 50%/50% perfect split, or can another developer fee ratio be applied?
This is decided by the developer(s) and the consultant.

3.4 – HOME FUNDS

Are there any specific HOME repayment terms?
IFA requires a 20-year term with at least a 1% payment annually at 0% interest. Zero payments or cash flow loans will not be allowed. Fluctuating payments are ok to meet DSCR requirements of the QAP.

The HOME restrictions provide a maximum of \$500k per project. When will IFA know the total amount of HOME funds to be allocated?
This will depend on the 2020 HOME budget. We are anticipating approximately \$2 million to be available.

3.8 – FEE SCHEDULE

When will the market study fees be published?
The market study fee will be published when the market study providers have been selected. We are anticipating this in February, prior to the application due date.

4.1.10 – APPRAISALS

If there is not an acquisition price, will IFA still order an appraisal, and will the developer be charged for it?
If there is not an acquisition price, there is not a need for an appraisal.

Can developers submit their commissioned appraisal information to the IFA commissioned appraiser?
Yes, submit it with Exhibit 12T – Market Study Documentation.

If the Bank commissioned appraisal is different than IFAs commissioned appraisal, the bank will trust their appraisal, what appraisal will IFA use?
IFA will use the IFA commissioned appraisal.

Will the appraisals come back prior to application submission?
IFA will receive the appraisals prior to the threshold deficiency period.

4.3.1.1 – OPERATING RESERVES

If using the Developer fee to fund the operating reserve, does that count as deferred developer fee?
The cash operating reserves are project costs. How they are funded is up to the development team. The deferred developer fee is a funding source.

4.5 – FINANCING COMMITMENTS

What do you need to document a general partner loan?
A commitment letter from the general partner.

4.6.1 – DEVELOPER FEE

Please confirm that overall unit cost caps have been removed.
There is not an overall unit cost cap.

How does the 150% of unit TC cap work? Is there a spreadsheet calculation?
This will be calculated on the Financial Feasibility Tab within the online application.

4.10 – BASIS BOOST

To clarify, can projects eligible for a basis boost no longer exceed the tax credit cap per LIHTC unit? Is IFA no longer limiting the amount of basis boost to 30%? If a project qualifies for all the basis boosts it could receive the full 75% boost? Please clarify.

A project may receive a maximum of a 30% basis boost. The tax credit cap is increased according to the percentage of basis boost received up to a maximum amount of \$840,000.

4.10.3 – BASIS BOOST – SERVING LOWERING AMI'S

In prior years you would have to add additional 30% and 40% units to receive the basis boost, how is this different this year?

The basis boost and the AMI percentage now coincide.

4.10 – BASIS BOOST/6.1.1 SERVES LOWEST INCOME/6.1.2 MARKET RATE INCENTIVE

The QAP says that you can't have Federal Rental Assistance AND go for the boost under Section 4.10 or points under 6.1.1 or 6.1.2 Market Rate Incentive. Does this apply if you have project-based rental assistance in the project less than 50% and the project is not requesting points under 6.3.3.1 Federal Project-Based Rental Assistance?

If you have federal project-based rental assistance you do not qualify for the points in Section 6.1.1, 6.1.2 or the basis boost under 4.10.3.

5.3.2 – OPEN PROJECTS LIMITATION

Do 4% deals count toward this total, or is it only 9% projects?

A Developer or a General Partner/managing member that has three or more open nine percent (9%) LIHTC Projects in Iowa, may only be awarded one Project in the current funding round.

5.4.2 – LOCATION NEAR SERVICES

If you meet more location near services than required, do you receive points?

No, location near services is a threshold requirement.

5.5.4 – MULTIPLE FUNDING SCENARIOS

Is it required that projects applying for HOME funds also include an alternate financing structure if HOME funds are not awarded? The QAP says projects "may submit" an alternate plan but does not say if it is mandatory. Please clarify.

You may submit alternate funding if HOME funds are being requested, it is not mandatory. If HOME funds are not awarded, any funding gap would have to be filled with a GP loan or a deferred developer fee.

5.9 – CONFIRMATION OF ELIGIBILITY – ACQUISITION/REHABILITATION

We are looking at a smaller project of only 32 units, but they are larger units with a lot of common and possible supportive service space. This is a rehab, possibly historic, that has sat vacant for some time. As it's last use was apartments, but it was not under any tax credit or compliance, would this fall under the Acq/Rehab cost limits, or New Construction/Adaptive Reuse cost limit for tax credits per unit?

This would be considered an acq/rehab project.

5.15 – NEXT AVAILABLE UNIT RULE

For Projects that elect points for 30% and 40% or less of AMI Units, IFA has previously enforced a more restrictive policy on the Next Available Unit Rule than required by the Internal Revenue Code for 30% and 40% AMI Units. Will IFA continue to require the next available unit of comparable size in a Project be rented to a household having the applicable 30% or 40% AMI qualifying income when a residents' household income increases above the applicable 30% and/or 40% AMI level, determined at move-in?

Yes.

2020 Round

SECTION 6 – SCORING

6.1.3 – SERVES TENANT POPULATION OF HOUSEHOLDS WITH CHILDREN

If the project is acq/rehab, what are the bathroom requirements for 3- or 4-bedroom LIHTC Units to receive the points under 6.1.3 because QAP Part C – G1.5 Unit Bathrooms only states the unit bathroom requirements for New Construction and Adaptive Reuse. If there's no stated QAP requirement, does that mean there's no minimum bathroom configuration for 3- and 4-bedroom Units in an Acq/Rehab project for threshold or for scoring under 6.1.3?

In an acq/rehab project the minimum Unit bathroom requirements under section G1-5 - Unit Bathrooms do not apply and would not apply under QAP Section 6.1.3. But if the project units were to be re-designed you should contact IFA.

6.2.1 – GREAT PLACES

The QAP states that if a project has an Iowa Great Places agreement that has been designated "within the last three years". Would these exclude any cities that had a district has been designated an Iowa Great Places prior than 2017

The Great Places "endorsement" is tied to specific projects approved by the Great Places Citizen Advisory Board and not to the Great Place location as a whole. Contact the Department of Cultural Affairs office if you have questions.

6.3.1 – MARKET APPEAL

Do you have to have the cameras on the floor plans to be eligible for points?

Yes.

6.3.3 – PRESERVATION & CONVERSION OF EXISTING RENTAL UNITS

It is assumed that by the title "preservation and conversion of existing rental housing" that points are being given to preserving existing or conversion of existing rental housing, however the Overview of Changes states that the change "adds up to 35 points for Projects that have federal project-based rental assistance". Please clarify if points would be received for projects with proposed project-based units.

There is a maximum of 35 points federal project-based rental assistance and a maximum of 3 points for market conversion. Projects must have a contract for the federal project-based rental assistance at the time of application submission.

6.4.2.1 – LIHTC EXPERIENCE

Regarding the 2 points for achieving 8 months closing, if there are co-developers in a project, would both parties need to meet this timeline, or can it be one or the other party and still receive points?

One developer would have to meet this requirement.

Does the LIHTC Project that has closed within 8 months of award issuance have to be a 9% project or can it be a 4% project?

The project can be a 4% project or a 9% project.

What documentation do you need when electing points for this section?

You will need to produce the closing docs and the project award letter (Exhibit 1S).

6.4.4 – CONSTRUCTION AND ON-SITE WORK COSTS

Please confirm that the operating reserve is not included in this calculation.

The operating reserve is a part of the total project costs; therefore, it would be included in this calculation.

For an acq/rehab, will IFA exclude the acquisition cost assigned to land (vs building) when calculating this percentage? If so, how will IFA verify the cost? Will the developer need to provide an appraisal at the time of application?

Points are based on Construction, On Site Work and Landscaping as a percentage of Total Development Costs (minus land cost). For Acquisition/Rehab Projects requesting acquisition credits, at Application submission IFA will commission an appraisal by a MAI certified appraiser who is not a related party and is currently in good standing. The appraisal shall specify an allocation of value between land and buildings.

8.1 – COMPLIANCE

Can you take a unit and make it a managers' unit after IRS Form 8609 issuance?

This is determined on a case by case basis. Contact IFA's compliance department.

PART C – THRESHOLD REQUIREMENTS FOR BUILDING, CONSTRUCTION, SITE AND REHABILITATION

A – SITE CONTROL

In past years, the Applicant has been the ultimate project owner, as the legal entities were required to be formed. Since that is no longer required, please confirm that site control can be in the name of the developer or another related entity.

At threshold, site control can be in the Applicants name. The Ownership Entity is required to have site control at Carryover-10% Test Application submission. Refer to the glossary for the definition of Applicant.

What are the minimum lease parking requirements?

The Applicant has an executed lease or an option on a lease, which has a term not less than the longer of: (a) the entire period during which the proposed Project will be subject to the LURA; or (b) 35 years.

G – MINIMUM CONSTRUCTION CHARACTERISTICS

1.5- UNIT BATHROOMS

If the project is acq/rehab, what are the bathroom requirements for 3- or 4-bedroom LIHTC Units to receive the points under 6.1.3 because QAP Part C., G.1.5 Unit Bathrooms only states the unit bathroom requirements for New Construction and Adaptive Reuse. If there's no stated QAP requirement, does that mean there's no minimum bathroom configuration for 3- and 4-bedroom Units in an Acq/Rehab project for threshold or for scoring under 6.1.3?

In an acq/rehab project the minimum Unit bathroom requirements under section G1-5 - Unit Bathrooms do not apply and would not apply under QAP Section 6.1.3. But if the project units were to be re-designed you should contact IFA.

EXHIBITS

5B – SITE PLANS

Do you want landscaping plans?

IFA does not need landscaping plans at the time of threshold application, but they should be submitted with the final plans and specs submitted for IFA review and approval.