



**2009 TAX CREDIT ROUND  
DEVELOPER TRAINING GUIDE  
APPLICATION INSTRUCTIONS AND IFA POLICY  
September 11, 2008**

**NOTE: The final version of the Application/Exhibits/Attachments will be posted on the website on September 3, 2008 or shortly thereafter. The final version must be the version submitted to the Iowa Finance Authority for review for the 2008 Tax Credit Round.**

**Blue cells are formulas and will auto-calculate.**

**SECTION 1: GENERAL INFORMATION**

Application Type:

Select Initial Application/ Reservation

Project type:

Select 9% Competitive Round

Section 1.01 – 1.06 Type of Low –Income Housing Tax Credit:

Choose the appropriate type of Low-Income Housing Tax Credits requested. If the federal taint has been removed (Projects involving HOME, RD funding, etc.), choose the type without Federal Subsidies.

Section 1.07 – 1.10 Set Aside Requests

Indicate all set-asides for which this Project qualifies by checking “Yes”. If it does not qualify, check “No”. (All exhibits needed to demonstrate qualification for the set-asides will be submitted with the Application for Scoring and Determination of Set-Asides)

Section 1.11 - 1.13 Funding Requests

Indicate type of funding you are planning to use by checking “Yes”. If it does not qualify, check “No”.

**SECTION 2: OWNERSHIP ENTITY INFORMATION**

Section 2.01 Ownership Entity

Provide the Legal Name of the Ownership Entity in which the Tax Credits will be issued and provide ALL requested information including a complete address and Tax ID number.

(Note: The Ownership Entity must be formed prior to submission of the Tax Credit Application.)

Section 2.02 Ownership Entity Contact Name

Provide name of the Ownership Entity Contact and provide ALL requested information including a complete address.

Section 2.03 General Partner/Managing Member Name

Provide name of the General Partner and/or Managing Member and provide ALL requested information including a complete address and Tax ID number.

Section 2.04 Co-General Partner/Co-Managing Member Name (if applicable)

Provide name of the Co-General Partner and/or Co-Managing Member and provide ALL requested information including a complete address and Tax ID number.

Section 2.05 Principal Participants

Provide name, phone number and ownership percentage for the principle participants for the entity type for your project. Use an 'X' to indicate their role.

### **SECTION 3: PROJECT INFORMATION**

Section 3.01 – 3.06 Project Information

Please provide all project information requested. For 3.02, include addresses of all buildings. If this is a scattered site, fill out the Scattered Site Addendum provided on the website for each location. For 3.06, in order to select "Yes", the ENTIRE project must be located in a QCT. Select the appropriate census tract(s) from the drop down box.

Section 3.07 - 3.09 Applicable Fraction – Unit Fraction Calculation

Provide number of low income units and total units **for which rent is charged**. This includes manager units that are low income and market rate. Do not include manager units that are not charged rent.

Section 3.10 - 3.12 Applicable Fraction - Floor Space Fraction Calculation

Provide Floor Space (square footage) of low income units and total units **for which rent is charged**. This includes manager units that are low income and market rate. Do not include manager units that are not charged rent.

Section 3.14 - 3.16 Rental Assistance

Please provide information requested.

### **SECTION 4: PROJECT DESCRIPTION**

Section 4.01 - 4.02 Occupancy and Special Needs Type. Make the appropriate selections from the drop down box.

Section 4.03 Unit Amenities

Select all the amenities that apply to this project. Also fill in the blanks with appropriate information. Note: Changes after awards cannot be made without prior approval of IFA. For the Garages – Rent, Surface Parking – Rent, and Parking Under/Within Building – Rent, select Yes if rent is being charged for this amenity.

Section 4.04 - 4.07 Project Square Footage

Provide Square Footage for residential, common and commercial areas. "Gross square footage area of all buildings" calculation should equal the project total square footage. Examples of Accessory buildings are: storage units, maintenance sheds, etc.

Section 4.08 - 4.14 Other

Please provide requested information. For Section 4.11, be sure to round up to the next full unit over 5%. For Section 4.12, be sure to round up to the next full unit over 2%. These are mutually exclusive – the project's handicapped units should total at least 7%. For Section 4.14, Resident Population with special needs plan was formally known as the Supportive Services Plan.

#### Section 4.15 Unit Distribution Table

For the Low Income units in the project, provide the information requested. If the Manager's or Employee's unit is a Low Income unit, list it here and identify it by selecting "Yes" in the appropriate column. Select the Unit Type that describes your unit the best. If units are efficiencies or studios, enter as 0 bedrooms. Utility Allowances must be supported and match what is provided in Section 18.03 and Exhibit 18T. AGMI % Served must be shown as 30% or 40% or 50% or 60% and not combinations in each line.

For the Market Rate units, provide the information requested and treat any Manager's or Employee's unit the same as above.

If there are units that are rent free, those are considered common space units. Most often, these are Manager's or Employee's units. Please provide the requested information.

If Section 4.17 and 4.18 do not match, you will be asked to correct the data until they match.

### **SECTION 5: SITE INFORMATION**

Section 5.01 Provide entity who currently has site control.

Section 5.02 If there is an identity of interest with the seller of the land (business associate, family member, etc.), Exhibit 2B must be provided.

Section 5.05 The Cost of Land listed here needs to match what is listed in 13.01. If it does not, an explanation is required.

Section 5.08 Detrimental characteristics on ANY portion of the site require a remediation plan and budget. This must be provided in Exhibit 7B.

Section 5.09 Mark which off-site infrastructure is available at the site. If any utilities are not available, provide explanation.

### **SECTION 6: DEVELOPER INFORMATION**

Section 6.01 Experienced Team Member

If one of the listed team members have completed a project that has received a form 8609, mark this Yes. You will need to provide Exhibit 2T.

Section 6.02 - 6.15 Development Team Information

Provide the requested information for all mandatory team members and as much information available for the remainder of the team.

Section 6.16 – 6.17 Identity of Interest

Provide information regarding any relationships between team members.

### **SECTION 7: NON PROFIT DETERMINATION**

This section should be filled out for those requesting the non-profit set-aside. Please provide Exhibits 2SA, 3SA, 4SA, and 5SA.

### **SECTION 8: ACQUISITION OF EXISTING BUILDINGS**

## Section 8.01 – 8.06

All Sections must be completed and supported with matching documentation in Exhibits 11T and 14T. If the 10-year rule applies, acquisition credits cannot be taken unless a waiver is granted by the Secretary of Treasury or other exemptions apply.

## **SECTION 9: REHABILITATION INFORMATION**

This section automatically fills in information if yours is a Rehabilitation project.

## **SECTION 10: RELOCATION INFORMATION**

Must be completed and if answered "YES", must be supported with matching documentation in Exhibit 13T and an entry must be made in Section 13.07 for Tenant Relocation Costs.

## **SECTION 11: GENERAL PARTNER/DEVELOPER CONTRIBUTION**

Section 11.01 This section refers to permanent contributions, not loans to the project.

If "Cash" is selected, the amount entered will autofill in Section 15.03 - Sources of Funds

If "Land" is selected, the amount cannot be included as a Project Cost in Section 13.01

If "Other" is selected, please describe and list the amount of the contribution. If a normal Project Cost is contributed, it cannot be included in Section 13.

## **SECTION 12: RESERVES**

Section 12.01 Operating Reserves

This section provides an opportunity to list the method used for Operating Reserves. Line of Credit proceeds may not be used as a project cost, only the fees for providing the Line of Credit. If, however, an Escrow account is used, those funds should be in Section 13.10 as instructed.

Section 12.02 Replacement Reserves

Make the appropriate selection for the project.

## **SECTION 13: PROJECT COSTS**

Please provide all permanent costs associated with the project.

There are additional instructions/comments for specific line items that are indicated by a small red triangle in the upper right of the cell. To view these, roll your mouse over that cell.

Donated items (land, for example) cannot be included as a Project Cost.

If the 10-year rule applies, acquisition credits cannot be taken unless a waiver is granted by the Secretary of Treasury or other exemptions apply.

If an amount is listed in the "Other" category, provide specific details. If more than one item is listed, specify the amount of each item.

If tenants must pay a fee to use washers and dryers, the appliances cannot be included in eligible basis. The cost of the laundry room itself can be included in Eligible Basis.

If a Consultant is shown in Section 6, a Project Cost must be entered in Section 13.09.

Do not include any costs for commercial space in Project Costs.

Compliance Fees and Operating Reserves must reflect the requirements of the QAP. If they do not, they will be calculated by IFA staff and amended in Section 13. (Exception: if the investor requires higher Operating Reserves it should be stated in their document in Exhibit 17T)

Tax Credit Fees should reflect as closely as possible the requirements of the QAP. They cannot include any Application Fees for a similar Project from other Tax Credit Rounds. Any difference determined by IFA staff will be amended in Section 13.

Market Study Fees should reflect the Market Study costs applicable only to this Application. They cannot include any Market Study Fees for a similar Project from other Tax Credit Rounds. Any difference determined by IFA staff will be amended in Section 13.

#### Section 13.15

Any grants, even if granted to a non-profit and then loaned to the Project, must be deducted from eligible basis. TAM 200523023 found that the loans must meet the following requirements: 1) Notes between General Partner and Taxpayer require repayment in full; 2) The promissory note is due and payable on a specific date; 3) The note does not allow for forgiveness or cancellation under any circumstance; 4) The mortgage must be filed with the county clerk; and 5) The documents complied, in all respects, with the legal requirements of an enforceable promissory mortgage note and mortgage.

Be aware of the Caveat(s) associated with this TAM.

IFA does not suggest that this TAM will be allowed by the IRS for your Project or recommend that you follow this course of action.

If this course is followed, IFA will require evidence that all five conditions of the TAM before the 8609 is issued.

### **SECTION 14 – BUILDER, DEVELOPER FEE AND OTHER LIMITS**

Section 14.01, 14.02, most of 14.03, and 14.04 auto-calculate. Ensure that the manual portions in 14.03 are completed. The last question in 14.03 is what indicates that the applicant would like IFA staff to waive the Cost Cap method of allocating credit. This will be of particular significance for Rehabilitation projects.

### **SECTION 15 – SOURCES OF FUNDS**

Section 15.01 and 15.02 Please provide all information requested including type and term of loan. All sources of funds in 15.01 and 15.02 must be supported with matching documentation in the appropriate exhibit. Projects with State Historic Tax Credits need to fill out 15.02 B. Only committed funds will be considered as a source for State Historic Tax Credits. Projects with Federal Historic Tax Credits need to fill out 15.02 C.

Section 15.03 Please provide information on grants and other permanent funds received by the project that will not be repaid. Amounts entered here will be included in the equity gap.

Section 15.04 Please provide information on any other types of funding. Any amounts listed here are for notation only and will not be included in the equity gap calculation.

Section 15.05 to 15.07 Please provide information requested.

## **SECTION 16 EQUITY INFORMATION**

Please provide the applicable information. The Federal and State Historic Tax Credit Proceeds amounts will populate from Section 15.02.

## **SECTION 17 DETERMINATION OF RESERVATION AMOUNT NEEDED**

Section 17 is formula driven and protect and **cannot** be altered in any way. Letter I, the Reservation Amount is the annual Tax Credit amount requested.

## **SECTION 18 UTILITY ALLOWANCES**

Please provide information requested. Please VERIFY that the totals that the tenant will pay by number of bedrooms matches the utility amounts in section 4.15.

## **SECTION 19 MINIMUM SET-ASIDE ELECTION**

Section 19.01 – 19.03

**The Developer irrevocably elects the Minimum Set-Aside Requirement by choosing 19.01 OR 19.02 AND 19.03, if applicable. If 19.01 (20/50 set-aside) is elected, then ALL units MUST be at 50% or below.**

Section 19.04

Complete to ensure that maximum rents are not exceeded in Section 4 and Section 19.01 through 19.03.

## **SECTION 20 LOW-INCOME OCCUPANCY**

Please answer select Y or N.

## **SECTION 21 CERTIFICATION**

This section of the Application requires several signatures relating to:

- Size and Cost of Land
- Building Codes and Standards
- Capital Needs Assessment
- General Certifications

The signature pages must be completed but do not need to be notarized.

## **ADDITIONAL REQUIREMENTS**

Exhibits - Complete the Exhibits Listing by checking if the Exhibit is included in the Application or not applicable. As you prepare the Application, double check to ensure the Exhibit, if required, is included and complete. All exhibits must be tabbed with the number and/or letter assigned in the Application. This assists staff if in efficiently reviewing your Application.

Don't provide copies of the Attachments in the Applications.

When responding to deficiencies, use IFA forms and proforma.

**Disclaimer:** Please note that while IFA has attempted to address several situations and provide appropriate guidance for the 2009 allocation round, not every situation has been addressed. Responsibility to seek answers to questions or concerns rests with each developer, and IFA specifically notes that these training materials, and the information presented with the developer training does not cover every possible circumstance. The 2009 Qualified Allocation Plan is the governing document for the allocation of 2009 Tax Credits.