Iowa Finance Authority
Low-Income Housing Tax Credit Program
2008 Qualified Allocation Plan

SECTION 1. INTRODUCTION

Thank you for your interest in the Low-Income Housing Tax Credit (LIHTC) Program. The Iowa Finance Authority (IFA) administers this program in Iowa, as specified in Iowa Code Section 16.52. In accordance with Section 42 of the Internal Revenue Code (the Code), IFA has developed this Qualified Allocation Plan (QAP) to establish the criteria and process for the allocation of the housing Tax Credit to qualified rental housing developments in Iowa. IFA will implement the QAP following a public hearing, approval of the QAP by the IFA Board of Directors, and final approval by the Governor. This QAP shall govern the allocation year 2008.

The QAP consists of three parts and two appendices:
- Part A establishes the requirements for nine percent (9%) Tax Credits.
- Part B establishes the requirements for four percent (4%) Tax Credits with tax-exempt bonds.
- Part C establishes the terms and conditions that apply to all Tax Credit funded Projects.
- Appendix 1 establishes the threshold requirements for building, constructions, site, and rehabilitation that apply to all Tax Credit funded Projects.
- Appendix 2 establishes a glossary of terms.

To the extent possible, the following schedule applies to the Tax Credit Reservation Application process for nine percent (9%) Tax Credits:

Step 1	Draft Tax Credit Application and accompanying exhibits and attachments available (see www.iowafinanceauthority.gov)	On or about July 15 – October 6, 2007
Step 2	*Optional:* Application due for pre-application market analysis	On or about August 10, 2007
Step 3	Rules and QAP become final; Tax Credit Application and accompanying exhibits and attachments available (see www.iowafinanceauthority.gov)	On or about October 6, 2007
Step 4	Application for Threshold, Underwriting, and Post-Application Market Study due at IFA	On or about November 1, 2007
Step 5	Deficiency letters mailed	On or about January 9, 2008
Step 6	Period of correction for threshold and underwriting in deficiency letters	On or about January 9 – 23, 2008
Step 7	Response to deficiency letter and Application for Scoring and Determination of Set-asides due	On or about January 23, 2008
Step 8	IFA Tax Credit calculation and reservation issuance	On or about March 5, 2008

SECTION 2. TAX CREDIT RESERVATION AND ALLOCATION PROCESS

2.1 Amount of Tax Credit to be Allocated. The amount of annual Tax Credit authority is based on a per-capita amount derived from population estimates released by the Internal Revenue Service (IRS). In allocation year 2007, IFA's per capita Tax Credit authority was $5,815,065. 2008 per-capita Tax Credit is yet to be determined. In addition to per-capita Tax Credit, IFA may have returned Tax Credit from previous Tax Credit years to allocate. IFA may also elect not to allocate remaining Tax Credit. Because IFA intends to leverage this limited public resource to the furthest extent possible, the maximum Tax Credit that will be awarded to any one development is $700,000.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing/orally)
We are happy to see that the Project and Developer Caps have been raised. However, larger project, such as 60-unit affordable assisted living, are not feasible with a Tax Credit award of $700,000. These projects need a larger award.

We suggest two ideas to accommodate these larger projects: 1) reinstituting a 30% boost to these two caps for projects in a QCT or 2) increasing the per-project cap to the developer cap of $950,000.

(oral summary)
If you go back and look at Affordable Assisted Living projects over the years, they are all over the $700,000 limit.

John Grosenheider (oral summary)
When asked by Mr. Burns, stated that his Affordable Assisted Living projects have been over $700,000 in the past. He agreed with Mr. Burns' comments.

Kris Saddoris, Conlin Properties (submitted in writing)
"IFA may elect not to allocate remaining Tax Credit." – this concerns me. I do not believe that IFA can elect not to allocate the credits. I assume IFA is holding them for some other use? This should be made clear.

IFA Response: The change in the 2008 QAP increases the overall per project cap while removing the increase for projects located in a QCT. The difference between the 2007 and 2008 QAP is $80,000 for projects in a QCT. The net result is a decrease of 16.66% compared with a decrease of 30% had IFA left the cost cap at the previous level.

Change "remaining" to "a de minimis amount of" as it relates to Tax Credits in the second to the last sentence.

2.2 Set-Asides. There will be one pool of Tax Credit divided into five set-asides in 2008. These set-asides are Service-Enriched, Affordable Assisted Living, Affordable Preservation, Underserved Area and Nonprofit. After filling each of the set-asides, the remaining Tax Credits will be awarded in the General Pool. All set-asides are available at the opening of the Application period. An Applicant may apply for more than one set-aside, and if all set-asides are filled and the Project remains unfunded, the Project may compete in the General Pool. For 2008, the set-aside percentages are:

2.2.1 Service Enriched Set-Aside. Twenty percent (20%) or approximately $1,163,000 of the State housing per-capita Tax Credit is set-aside for developments that serve people with disabilities. At least twenty-five percent (25%) of the units must be set-aside and rented to families with a member who has a disability. To be eligible for this set-aside, the following rent restriction applies: no less than sixty percent (60%) of the Low-Income Units must be rent-restricted and occupied by families with incomes at or below forty percent (40%) of Area Median Gross Income (AMGI). The development must implement a comprehensive supportive service plan as specified in Section 6, Category 4. Qualified rental housing, Transitional Housing, and permanent supportive housing for the homeless with disabilities are eligible applicants for this set-aside. Beginning one year following placement in service, and annually thereafter, the Owner Representative must report to IFA the number of units rented to families with a member who has a disability.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
If a tenant with a qualifying disability moves out, the minimum set-aside may fall below 25% until another qualifying tenant occupies it again. The QAP should recognize this temporary situation as acceptable.

Sarah Reilly, Community Corrections Improvement Association (submitted in writing)
This set-aside requires the development to implement a comprehensive supportive service plan. If a service plan does not score in the comprehensive service plan range of 21-30 points, is it still eligible for the set-aside? If not, this should be noted in this section.

Kris Saddoris, Conlin Properties (submitted in writing)
What occurs when the actual number of units reported to IFA as rented to a person with a disability falls below the requirement?

IFA Response: The Applicant must submit a comprehensive service plan and receive a score of at least 21 points to be eligible for the Service Enriched Set-Aside. If the next available unit is occupied by a family with a member who has a disability, the 25% of "occupied units" requirement is met.

2.2.2 Affordable Assisted Living Set-Aside. Seven percent (7%) or approximately $407,000 of the State housing per-capita Tax Credit is set-aside for affordable, certified Assisted Living programs. If the development is located in a Metropolitan Statistical Area (MSA), no less than forty percent (40%) of the Low-Income Units must serve families with incomes at or below forty percent (40%) of AMGI. The development must obtain and retain enrollment as a Medicaid 1915(c) waiver provider, or maintain a contract with an enrolled Medicaid waiver provider. The development must implement a comprehensive supportive service plan as specified in Section 6, Category 4.

2.2.3 Affordable Preservation Set-Aside. Ten percent (10%) or approximately $581,500 of the State housing per-capita Tax Credit is set-aside for the preservation of qualifying federally assisted housing units. Federally assisted affordable preservation includes low-income housing developments subsidized under the following or similar programs: Section 236, Section 221(d)(3) Below Market Rate, Section 221(d)(3) Market Rate with Section 8 rental assistance, Section 8 project-based new construction, Section 202, Section 811, Section 221 (d)(4), Section 515 Rural Rental Housing Program, or Projects allocated nine percent (9%) Tax Credits in 1991 or earlier. In order to accommodate the other public funding sources, Projects recommended for award at the IFA Board meeting can accept a conditional award, with a final award to be made in six months from the date of the IFA Board meeting. In this circumstance only, Carryover will be required six months from the date of the final award, and must be completed no later than 12 months following the date of the conditional award. See Appendix 1, Threshold Requirements for Building, Construction, Site, and Rehabilitation for requirements related to rehabilitation of units and the required Scope of Work.

Michael Bodaken, National Housing Trust Fund (submitted in writing)
The National Housing Trust is a national nonprofit organization formed to preserve and improve affordable multifamily homes for low- and moderate-income use. We pursue our mission through our multi-faceted expertise in the development, financial, regulatory, tax, legal and public policy aspects of affordable housing. Over the past 8 years, NHT and our affiliate, NHTEnterprise Preservation Corporation, have preserved more than 21,000 affordable apartments in 42 states, leveraging more than $1 billion in financing. We appreciate the opportunity to comment on Iowa's draft 2008 Qualified Allocation Plan.

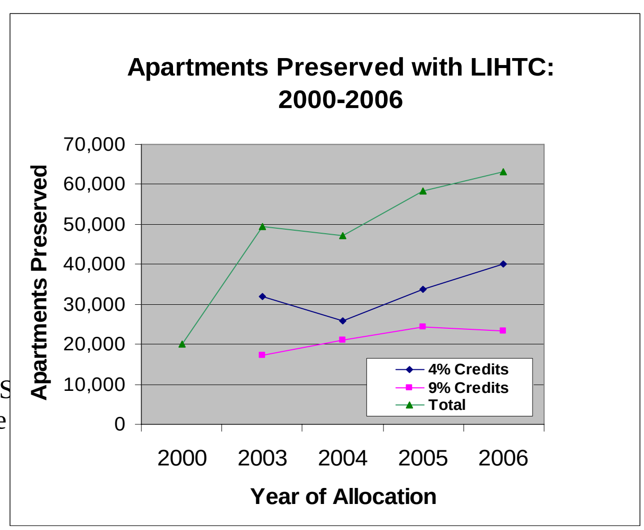
Affordable Housing

Our nation faces a serious shortage of housing for low- and moderate-income individuals and families. Over the last decade, more than 15% of our affordable housing stock nationwide has been lost to market-rate conversion, gentrification, deterioration and demolition, amounting to 300,000 fewer apartments and the loss of considerable public investment. **In Iowa alone, approximately 2,057 HUD-assisted apartments were lost between 1995 and 2003.** Every year, as more apartments become eligible to opt-out of federal use restrictions, we lose thousands of affordable apartments to market rate conversion.

Our nation's housing market remains strong and homeownership rates are at record highs, but many Americans—particularly the poorest Americans—depend on access to affordable rental housing. Our existing multifamily housing stock provides a foundation on which millions of low-and moderate-income people support their families, build their communities and pursue advancement.

Communities around our country face a critical choice: preserve existing affordable housing options or lose this valuable resource forever. Taking action in favor of preservation is economically efficient, socially responsible and environmentally sustainable:

• Preservation of existing housing is 1/3 less expensive than replacing units with new construction.
• Preservation maintains a mix of income profiles and housing options in strong markets.
• Existing housing is often located near jobs and transportation, lending preservation to "smart growth" development initiatives.
• Renovation of existing housing is inherently sustainable, conserving energy, land and other scarce resources.
• The replacement of existing affordable housing with new construction is often unrealistic due to land use restrictions, material and labor costs, NIMBYism and other political constraints.



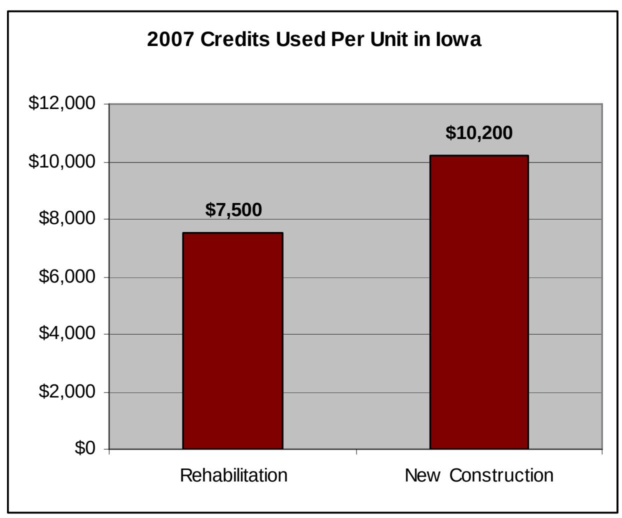
States around the nation have recognized that preservation is a common sense solution to America's affordable housing shortage, and have prioritized preservation

and rehabilitation in their QAPs. NHT has found that 46 state agencies set aside or prioritize competitive 9% tax credits for the preservation of existing affordable housing.
This trend has preserved an increasing number of affordable apartments each year, with more than 60,000 affordable units preserved nationwide in 2006.

Preservation in Iowa

Iowa has a significant preservation problem: 215 project-based Section 8 properties with 10,491 assisted units will expire in Iowa before the end of FY 2012. *Of these expiring contracts 102 properties with 5,694 assisted units are owned by a for-profit owner.* In general for-profit owners are more likely to opt out than nonprofit owners. In addition, Iowa has 601 rural Section 515 properties with 7,724 affordable apartments that may be at risk due to high operating costs, low rents and physical deterioration. This housing is a unique resource, providing homes for some of Iowa's lowest-income families and elderly citizens.
By prioritizing preservation, Iowa's Qualified Allocation Plan can provide the critical incentives necessary to prevent the loss of this indispensable affordable housing. Property owners, nonprofit organizations, developers and local governments depend on state housing finance agencies to provide the financial and technical assistance necessary to preserve affordable housing for future generations.

We strongly object to the proposed reduction in the preservation set-aside in Iowa's draft 2008 QAP from 20% to 10%, along with the change to eligibility for federally assisted housing developments only. Nationwide, state's are either creating new or increasing existing rehabilitation set-asides. Neighboring states have consistently retained significant set-asides for preservation in their allocation plans. Michigan leads your region with a 30% set-aside for proposals that preserve and rehabilitate affordable housing. Ohio and Indiana maintain explicit set-asides of at least 20% for preservation as well.
Quality affordable housing is in short supply throughout Iowa. In order to achieve its mission to "advance and preserve affordable housing," IFA should pursue the most effective and efficient allocation of scarce resources. Preserving and rehabilitating existing housing has proven to be a cost-effective method of providing rental housing to low-income families and seniors. Nationwide, rehabilitation projects require almost 40% less tax credit equity per unit than new construction developments. **This cost advantage bears out in Iowa, where rehabilitation projects, including those involving acquisition, received approximately 30% less in annual tax credits per unit than development involving only new construction in 2007.**



While we commend the continued allocation of points for subsidized preservation projects, we believe that Iowa's set-aside has been a vital component of IFA's highly successful preservation efforts and therefore discourage any reduction. **From 2003 to 2006, at least 34 properties with 1,315 apartments were preserved in Iowa with 9% and 4% Low Income Housing Tax Credits.** An overwhelming majority of these properties were rehabilitated with the use of competitive 9% tax credits; a further reduction of the preservation set-aside will greatly hinder Iowa developers' ability to preserve and rehabilitate properties facing expiring affordability restrictions.

…Conclusion

It is fiscally prudent for states to balance tax credit allocations between new construction and preservation/rehabilitation. In an era of limited public resources, preservation makes both policy and fiscal sense. **I urge IFA to continue its support for the preservation of Iowa's existing affordable housing by restoring the preservation set-aside to 20% in the final 2008 QAP, with eligibility not only for federally subsidized developments but also for state and locally assisted housing, adaptive reuse, and conversion of market rate to affordable housing projects, as was the case in 2007.** I also urge you to continue to encourage the use of green building techniques and materials for rehabilitation and preservation by creating separate scoring criteria for each type of project.

Kris Saddoris, Conlin Properties (submitted in writing/orally)
IFA should give priority to expiring LIHTC deals here. I understand that to-date, no LIHTC deals have stayed in the program. Basically, each year IFA is just paying to replace the units that are leaving the program, until you slow the flow out the back door. Let's use your resource to save your deals first, before saving other programs' deals.

IFA Response: IFA is targeting the preservation efforts of existing affordable Federally assisted units through the Affordable Preservation Set-Aside. We have focused this set-aside on this need, removing other eligible uses including adaptive reuse of existing buildings and conversion of existing market rate developments to affordable housing. IFA will consider increasing this set-aside in future years.

2.2.4 Underserved Area Set-Aside. Ten percent (10%) or approximately $581,500 of the State housing per-capita Tax Credit is set-aside for counties that are not located in an MSA and have not received an allocation of Tax Credits in the past five years.

Matt Hektoen, Hatch Development Group (submitted in writing)
I generally agree with IFA's attempt to spread LIHTC funds throughout the state. However, it is likely that the market forces are such that developing a LITHC in many rural areas is not feasible. Given the increases in construction costs, the new threshold requirement of a computer learning center and the new scoring allocations (e.g. wellness center, all utilities paid by the landlord and washer/dryer in the unit), developers are faced with an ever rising hurdle to providing affordable housing to low income tenants. This is especially true in rural areas where market rents are often as low as or lower than LIHTC rents. Finally, by placing old scoring options in the threshold (or eliminating them entirely) and replacing them with new requirements, IFA has, in effect, required developers to increase rents to accommodate the new scoring options. IFA should take these issues into consideration as it evaluates the increase in the rural set-aside from 5% to 10%.

Kris Saddoris, Conlin Properties (submitted in writing)
How is IFA verifying that a need actually exists in these areas, that can be economically met using LIHTC as a funding source? Ten percent set-aside seems extremely high given the results of the "Rural"

set-aside in 2007. Additionally, management in outlying areas is becoming more of a concern. Our company is not accepting clients in these areas as we can not economically provide services to their deals. This was reiterated at the public hearing.

IFA Response: All LIHTC projects must meet the market analysis criteria and be economically feasible to meet the threshold requirements. The majority of Iowa counties are not in an MSA, yet have found it difficult to compete for LIHTC. This provides communities in counties that have not received a tax credit award in the past 5 years a competitive advantage.

2.2.5 Nonprofit Set-Aside. Ten percent (10%) or approximately $581,500 of the State housing per-capita Tax Credit is set-aside for Qualified Nonprofit Organizations. This Tax Credit amount cannot be used for any other purpose. IFA reserves the right to conduct due diligence to determine whether an entity is a Qualified Nonprofit Organization.

The Applicant is required to demonstrate the involvement of a Qualified Nonprofit Organization. To qualify, the Nonprofit must meet the following requirements:

1. The Nonprofit must have a 501(c)(3) or 501(c)(4) designation from the IRS and be qualified to do business in Iowa.

2. The Nonprofit cannot be formed by one or more individuals or for-profit entities for the principal purpose of being included in the Nonprofit Set-Aside. Nor can the Nonprofit be Controlled by a for-profit organization. IFA may make a determination as to whether a Nonprofit is Controlled by a for-profit.

3. The Nonprofit and/or parent Nonprofit organization must have as one of its exempt purposes the fostering of low-income housing and must have been so engaged for the two years prior to the Application submission date. The Application must demonstrate that the Nonprofits' programs include a low-income housing component. The Application must explain how the Nonprofit will accomplish its charitable purposes, as an organization that provides low-income housing, consistent with the safe harbor or the facts and circumstances test set forth in Rev. Proc. 96-32, 1996-1 C.B. 717.

4. The General Partner(s) of an Ownership Representative must have a one hundred percent (100%) interest in the General Partnership or be the managing member of an Owner with a one hundred percent (100%) managing membership interest in a limited liability company.

5. The Nonprofit must own, along or with other Nonprofits who meet all of the requirements of this Section, 100% of the stock of an entity that is the sole general partner or sole managing member of the Ownership Entity of the Project.

6. The Nonprofit must be materially participating (regular, continuous and substantial on-site involvement) in the operation of the Project throughout the Compliance Period.

7. The Nonprofit shall receive no less than fifty percent (50%) of the total Developer fee.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing/orally)

#7 - This requirement seems to make the assumption that the non-profit owner completes half of the work and carries half of the risk involved in developing a LIHTC property, which is not always the case. When a developer guarantees a development 100%, they should be able receive 100% of the development fee. The percentage of the development fee that is paid to a developer on a project should be determined by the owner and the consultant, not mandated by IFA.

(oral summary)
Mentioned importance of management of properties which could be troublesome for some non-profits. Said he believes more people will get out of management because they don't have the volume that they need. We've looked at more properties and do third party management for other developers too but we look at the property, look at the market and look at the operating pro forma that they've committed to with the rents and if it doesn't work, we just have to back off and say that we just can't do it. It's not that we don't want to, it's just that we can't help them.

Kris Saddoris, Conlin Properties (oral summary)
Said she echoed Mr. Burns comments. She encouraged IFA to discuss this issue with a syndicator such as Scott Fitzpatrick to get some insight. Risk and reward should partner together. They took over some nonprofit managed projects that were very challenging. The nonprofit(s) were very motivated but it was not executed well.

As IFA pushes out deals in rural Iowa, be aware of management and you guys are out looking at them. I will tell you that we're turning deals down. We've got a lot of people calling us and were not taking them because I as a management company cannot do it financial effectively. At this point, we have set our circle around about an hour of Des Moines. So, if you push those little things out there, I don't know who is going to manage them. Keep in mind long term compliance and management when you pushing these things out in rural Iowa because I don't know who is going to take care of them/manage them long term.

Matt Hektoen, Hatch Development Group (submitted in writing)
A final point of concern is the requirement that a developer get no more than 50% of the developer fee on non-profit set-aside projects. Reward should be allocated viz. risk. If the developer guarantees the construction loan or other expenses for the project, then the developer should be able to garner more of the developer fee. A major LIHTC developer in downtown Des Moines (Hatch Development Group) would not have undertaken the LIHTC projects it did had its developer fee been curtailed to 50 percent. Furthermore, many of the non-profits that participate in these developments do not have the ability or desire to guarantee the project. They need the developer to guarantee the loan and assume most of the risk of the development. IFA is right to encourage non-profit ownership of LIHTC projects, but by limiting the developer fee to 50% it has reduced the likelihood that developers will partner with non-profits.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
#7 – As it appears that the intent is to insure that the nonprofit is fairly compensated for their material participation, the nonprofit should receive no less than 50% of the combined total of the development and consultant fee. If the consultant fee is not included, this provision will be considerably less effective.

Sarah Reilly, Community Corrections Improvement Association (submitted in writing/orally)
Though we agree with the overall intent of the new requirements for the non-profit set-aside, I am concerned that new rules will unintentionally eliminate some non-profits from this set-aside.

Consider the situation of an equal partnership between and a non-profit development/property management company and a non-profit supportive service agency. It is unlikely that the supportive service agency will have one of its exempt purposes be the fostering of low-income housing or been engaged in this activity for two years.

In projects targeting substance abusers, disabled, and, in our case, offenders, it is most important that the supportive service agency have experience in working with the target population. Both the housing and supportive service components are necessary for project success and both agencies should be allowed to have a stake in the partnership without being eliminated from this set-aside.

We suggest that the set-aside allow the following of the General Partners:

- a minimum of 50% ownership interest by a "housing" non-profit and,
- the remaining ownership interest to a "supportive service" non-profit.

In this case also, the supportive service non-profit should also have a minimum of two years experience working with the target population.

In addition, we would like to see the set-aside be limited to Iowa non-profits.

IFA Response: The Ownership Entity can be created from one or more nonprofits so long as one of the nonprofits has as one of its exempt purposes the fostering of low-income housing and must have been so engaged for the two years prior to the Application submission date. IFA is recommending a change in the language to clarify the requirements of the Ownership Entity (replaces numbers 3 and 4, and add to 7. that the Nonprofit shall receive no less than 50% the combined total of the developer and consultant fee. Renumber the items.

2.3 Tax Credit Cap for Single Developer. IFA will not allocate more than $950,000 of the annual state ceiling to a single Developer with multiple Projects. A Developer may submit as many Projects as the Developer chooses. IFA will select which Projects are awarded Tax Credits based on the QAP. Co-Developers will be allocated Tax Credits based upon the percentage of interest in the Project. For example, if a Co-Developer retains a fifty percent (50%) interest in the various Developer benefits realized from a Project, fifty percent (50%) of the Tax Credits will be counted against the Developer's cap.

The intent of the cap is to promote fair and objective administration of the LIHTC Program by ensuring that no single Applicant can receive an excessive share of the available Tax Credits in any Application round. Parties that have an Identity of Interest are presumed to be sufficiently related for them to be treated as a single Applicant for purposes of the cap. As described below, IFA may, in its sole discretion, identify other parties whose relationship is sufficiently close to cause them to be treated as a single Applicant for purposes of the ceilings. A significant factor in IFA's evaluation will be whether, based on the facts and circumstances, the party's involvement in a Project or its role in the Project structure results in exceeding the annual Developer Tax Credit cap. Consideration will be given to the familial, financial, business or any other significant relationship in the review of the Identity of Interest as it relates to the Developer cap limit.

<u>Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata</u> (submitted in writing)
We are happy to see that the Project and Developer Caps have been raised. However, larger project, such as 60-unit affordable assisted living, are not feasible with a Tax Credit award of $700,000. These projects need a larger award.

We suggest two ideas to accommodate these larger projects: 1) reinstituting a 30% boost to these two caps for projects in a QCT or 2) increasing the per-project cap to the developer cap of $950,000.

Kris Saddoris, Conlin Properties (submitted in writing)
I continue to be concerned that IFA prioritizes funding a project that scores poorly based on IFA's criteria to be "fair". In my opinion, the best benefit to your end-user (the tenant) should be your over-riding concern, as opposed to penalizing your successful housing partners.

IFA Response: Remove the first sentence of the second paragraph.

2.4 Tax Credit Cap for Consultant. When a Developer is acting as a consultant for a development, then the amount of Tax Credits will be counted against the Developer cap specified in Section 2.3, as determined by the percentage of the Developer fee committed to the consultant for that Project. The Consultant Fee does not count against the Tax Credit cap for the Developer acting as the consultant, in the following circumstance:

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
A positive aspect of this section is that the Consultant Fee does not count against the Developer Cap when a Consultant works with a new developer. It seems that the goal of this language is to encourage experienced developers to consult with new developers while they learn how to developer LIHTC properties.

However, there are some organizations that do not ever intend to develop LIHTC properties but can and do operate projects successfully. These organizations would be at a disadvantage compared to a new developer.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
The credits should be counted against the Section 2.3 cap as determined by the percentage of the combined development and consultant fees.

1. A consultant works with a new Developer for not more than two sequential LIHTC Application rounds; and

Doug LaBounty, Community Housing Initiatives (submitted in writing)
While we agree that the cap should not be applied if a consultant is working with a "genuine" new developer, we believe that there is the potential for this provision to be abused. "New developer" should be well defined to insure that changing the name of an entity (or forming a company to be the developer in lieu of an individual being the developer). In other words, there should be identity of interest restrictions in defining "new developer". We also feel that two sequential rounds should be allowed only if the new developer did not receive an award for a project in the previous round.

2. The consultant is responsible for overseeing the Project for at least two years after placement in service. The consultant agreement must define how and to what extent oversight will be provided.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
For the consultant to be excepted from the cap, the new developer should receive a minimum of 50% of the combined developer/consultant fee. Also, as the intent is that this be a genuine new developer, the consultant should share in providing construction completion and operating deficit guarantees to the investor limited partner(s) and lender(s) during the two years after placement in service.

As it relates to the application of the Consultant cost cap exception:

1. No more than two consulting agreements will be exempted from single Developer cap established in Section 2.3.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
How will it be determined which two consulting agreements are exempted? Who determines? Shouldn't there also be a maximum amount that can be exempted?

2. No Identity of Interest shall be allowed in the relationship between the Developer and the consultant.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
Add that identity of interest should also not be allowed between the new developer and a developer/consultant that has previously submitted an application.

IFA Response: A "New Developer" is defined in the Glossary, and the consulting agreements that shall be exempted from the single Developer cost cap are specified.

SECTION 3. APPLICATION PROCESS

IFA will prepare and make an Application available on its website at www.iowafinanceauthority.gov or will make a copy on CD-Rom for interested parties. The Application will include a prescribed Application form and a list of required additional attachments and exhibits. All initial and subsequent competitive and noncompetitive LIHTC Applications must be submitted using IFA's prescribed forms and method of Application. The completed original paper Application must contain original signature(s) and the initial Application must be accompanied by a check for the appropriate nonrefundable Application fee(s) specified in Section 3.4.7. In the event it becomes necessary to amend the Application Package, IFA will post the amended version of the Application Package on its website at the above address. Applicants are advised to check IFA's website periodically for any amendments or modifications to the Application Package. If an Applicant notifies the Tax Credit Manager in writing of his/her interest in receiving an email notification of the amendments or modifications, the Applicant will be notified.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
Because of the time involved with preparing an application, we do not feel that applicants should have to use amended applications that IFA issues within two weeks of the application due date.

Sarah Reilly, Community Corrections Improvement Association (submitted in writing)
Due to the extensive time involved in preparing applications and to minimize errors, we recommend that 15 days prior to the due date that IFA deem the application final and no further amendments be allowed.

Kris Saddoris, Conlin Properties (submitted in writing)
Please set a deadline (preferably at least 2 weeks prior to app deadline) after which no further revisions will be made to ANY application documents. It is frustrating to load an entire application, and have IFA change one thing, which then requires you to TOTALLY re-load all information. Some of these changes have been very minor.

IFA Response: The Application will be final on or about October 6, which is 25 days prior to the Threshold Application due date. If developers identify items in the Application that need correction (formulas, etc.) contact IFA no later than September 28 so that final corrections can be made and developers notified. The Tax Credit Manager's email address is dave.vaske@iowa.gov.

3.1 Joint Review. IFA reserves the right to conduct joint reviews with other funding sources including any other party, loan or grant program. IFA may contact other sources to obtain information regarding the materials contained in the Application to either verify the information or to obtain independent information regarding a Project. In the event IFA obtains information from other sources, the information shall be reduced to writing. The information will be available for review after the Applications have been evaluated and Tax Credits have been reserved.

3.2 Contacts with IFA Before the Application is Received. If an Applicant has a question regarding an interpretation or clarification of the QAP, IFA policies, procedures or rules related to the LIHTC Program, the question must be submitted in writing to the Tax Credit Manager. The response will be placed on the website at www.iowafinanceauthority.gov. IFA shall not be bound by any oral or written representation made in connection with the Application or award of Tax Credit Reservations other than those provided on the website.

3.2.1 New Applicant. If the Applicant has not previously submitted an Application to IFA in previous LIHTC rounds, it is strongly recommended that the Applicant meet with the Tax Credit Manager to review the Plan and the Application Process.

3.3 Contact with IFA After the Application is Received. Once an Application is received by IFA, neither the Applicant nor any person on behalf of the Applicant may contact IFA's Board, Evaluators or other IFA staff to discuss the Application or any of its components for the round under consideration, except as specifically allowed by the QAP. Any such contact may result in rejection of the Applicant's Application. IFA staff or the Applicant or their representative may contact each other to discuss matters unrelated to the Tax Credit Application under review. During the evaluation period, Applications will not be made available to the public for examination and copying. Following the due date of the Applications and after the information is collected, IFA will post on its website the aggregate totals of: Applications, dollars requested, units, acquisition/rehab or new, Older Persons/family, profit or Nonprofit, and Applications for set-asides. After the Board approves the selections and awards Tax Credits, Applications and files are public information and available for inspection and copy in accordance with Iowa Code Chapter 22. IFA shall not be precluded from requesting any and all such information needed to properly evaluate the application.

3.4 Application Process for Market Analysis, Threshold and Scoring. The complete Application consists of three phases: 1) Optional Pre-Application Market Study and Analysis, 2) Application for Threshold and Underwriting ("Threshold Application"), and Post-Application Market Study and Analysis, and 3) Application for Scoring and Determination of Set-Asides. Any revisions to the schedule proposed in Section 1, Introduction, will be published on IFA's website at www.iowafinanceauthority.gov. IFA will have at least one reservation round per year. Additional reservation rounds may be made throughout the year at the sole discretion of IFA.

Terry Vestal, Iowa Dept. of Economic Development (submitted in writing)
Section 3.4 (the three phase application review approach) - Generically, this approach presents the IDED with a couple of problems. The IDED will not be able to review and approve the joint applications (those that seek HOME funds) until after all financial sources have been identified and secured and the uses of all financial sources has been finalized.

The '08 QAP, as proposed, allows applicants to revise their applications in between the "Application for Threshold and Underwriting" and the "Application for Scoring and Determination of Set-Asides". The IDED will not be able to review any applications until after the correction period has elapsed and all aspects of these applications have been finalized. With the allowable correction period not elapsing until on or about 1-23-08, the IDED staff will have insufficient time to adequately review and approve applications that seek HOME funding prior to the proposed award date of 3-5-08.

IFA Response: During the Correction Period, described in Section 3.4.3, HOME applicants may have specific restrictions on the types of technical corrections that the Applicant can make. Such limitations will be specified in the deficiency letter.

3.4.1 Pre-Application Market Study and Analysis. During phase one of the Application process, IFA will commission a market study for those Applications who select this option. The Applicant will receive the results of the market study, and will be permitted to make changes to their proposed Project prior to the second phase due date for the Threshold Application.

3.4.1.1 Applicants are encouraged to submit any market information they believe may be helpful in determining market feasibility of their Project, including an independent market study, information from proposed service providers or other market information the market study analyst should evaluate. All market information provided by the Applicant will be provided to IFA's commissioned market analyst. By submitting this information, Applicants are afforded the opportunity to provide input that may be important in the determination of market feasibility. However, IFA will not be bound by the opinion or conclusions reached in the Applicant's independent market study or other market information provided.

3.4.1.2 Market feasibility for a proposed Project as measured by the IFA commissioned market analyst will be based on, but not limited to, the following factors: market capture rate, absorption period, market support of unit mix, stabilized occupancy rate, vacancy rate of comparables, rent comparisons to comparables, and impact on the market and financial health of comparables in market area. If the market study or IFA's analysis of the market study (which may contain independent information obtained by IFA) do not demonstrate, at the sole discretion of IFA, that the market area needs the proposed Project, the Project will be rejected at threshold and will not be scored.

3.4.1.3 If the Applicant chooses to make significant changes to the Threshold Application based on the recommendations of the market analyst, then in IFA's sole discretion, an update of the market study must be completed by the market analyst prior to the completion of the threshold review. The fee for the updated market study is provided in Section 3.4.7.

3.4.2 Application for Threshold and Underwriting ("Threshold Application"), **and Post-Application Market Study and Analysis.** IFA will evaluate the threshold and underwriting requirements, and market during phase two of the Application process. If the Applicant chooses to submit a Post-Application Market Study, Sections 3.4.1.1 and 3.4.1.2 shall apply to this section.

The Applicant must submit the following by the due date:

1. One original complete Threshold Application;

2. One Application for Post-Application Market Study and Analysis;

3. One original HOME Application (if applicable); and

Terry Vestal, Iowa Dept. of Economic Development (submitted in writing)
Section 3.4.2, Item #3 – The IDED will not need to see the application materials, HOME pieces or otherwise, until the application is complete and final. My comments here are directly tied to the generic statement in #1 above. (is referring to comments located at Section 3.4)

IFA Response: During the Correction Period, described in Section 3.4.3, HOME applicants may have specific restrictions on the types of technical corrections that the Applicant can make. Such limitations will be specified in the deficiency letter.

4. One set of documents related to construction, building, site and rehabilitation threshold requirements.

All documents must be on letter-size paper, bound in a separate three-ring binder for items 1, 3 and 4, and all exhibits and attachments **must be tabbed with the number or letter assigned in the Application**. If the Threshold Application is received after the date and time specified, the Application will be rejected and returned to the Applicant. An Application is considered late if it is not received in the offices of IFA by 3:00 p.m. local time on the date it is due.

3.4.2.1 No amendments will be accepted to the Application after the Application due date, except as provided by the QAP.

3.4.2.2 If an Applicant is applying for State HOME funds, the Applicant must complete the HOME sections and attach the appropriate information as more fully described in the HOME Application and instructions. IDED and IFA shall appoint a Joint Review Team to review Applications applying for HOME funds and Tax Credits. No additional points will be awarded to an Applicant that seeks HOME funding. IDED has the sole and final authority with respect to any award of HOME funds, while IFA has the sole and final authority with respect to any reservation of Tax Credits.

Terry Vestal, Iowa Dept. of Economic Development (submitted in writing)
Section 3.4.2.2 – Same as #1 and #2 above. (is referring to comments located at Section 3.4 & Section 3.4.2)

IFA Response: The Applicant's financial information must reflect a project that is financially feasible and has reasonable costs for construction and operations, subject to review and approval by IDED staff. During the Correction Period, described in Section 3.4.3, HOME applicants may have specific restrictions on the types of technical corrections that the Applicant can make. Such limitations will be specified in the deficiency letter.

3.4.3 Correction Period. Following a completion of the review of the Threshold Application, the Applicant will be given 14 calendar days to respond to a deficiency letter. During that time, the Applicant may submit items that would correct a deficiency or deficiencies in the threshold and underwriting requirements. Technical corrections will be allowed as specified by IFA in the deficiency letter. The submission is considered late if it is not received in the offices of IFA by 3:00 p.m. local time on the date it is due.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
It should be made clear that if IFA notes a deficiency that the applicant can make adjustments to the application that are affected by the deficiency. For example, the cash flow proforma, or financing commitment.

Sarah Reilly, Community Corrections Improvement Association (submitted in writing)
When IFA notes a deficiency, the applicant should be allowed to make all the necessary adjustments to the application that are affected by that deficiency: for example, adjusting expenses to meet the debt to income ration requirements.

IFA Response: During the Correction Period, no changes will be allowed to the amount of the financing commitment. The original request for tax credits cannot increase. Additional guidance to Applicants will be provided in the deficiency letter. Projects seeking HOME funds may have additional limitations on allowable changes.

3.4.4 Application for Scoring and Determination of Set-Asides. In phase three of the Application process, for those Projects that meet the threshold requirements, this Application will be used by IFA to establish a competitive score for the Project, using the criteria established in Section 6, Scoring Criteria, and to determine if the Applicant is eligible for one or more set-asides, using the criteria established in Section 2.2, Set-Asides.

The Applicant must submit one original complete copy of the Application for Scoring and Determination of Set-Asides and supporting documents. The document must be on letter-size paper, bound in a three-ring binder, and all exhibits and attachments **must be tabbed with the number or letter assigned in the Application**. If the Application is received after the date and time specified, the Application will be rejected and returned to the Applicant. An Application is considered late if it is not received in the offices of IFA by 3:00 p.m. local time on the date it is due.

3.4.5 Site Visits. During phase two of the Application process, IFA will make site visits as it deems necessary to review proposed Project sites and verify any of the information provided by the Applicant in the Application. IFA shall prepare a document describing the site and make it available to the Board for review in the consideration of awarding Tax Credits to Projects. Applicants may or may not be notified of a site visit. If deemed necessary by IFA, Applicants shall provide building access for inspection by Evaluators to, among other things, confirm basic structural soundness.

3.4.6 Tax Authorization Form. The Threshold Application must include an executed IRS Form 8821, Tax Information Authorization Form, for each Developer for sharing of information between IFA and the IRS. The Form 8821 must be provided to IFA with the Threshold Application, at the time of Carryover Application, at the time the Project is placed in service and annually during the Compliance Period.

3.4.7 Fees. IFA shall collect the fees described below for the LIHTC Program. Checks for the fees must be made payable to the Iowa Finance Authority. An Application shall not be accepted unless the Application fee accompanies the Application. The reservation fee will be due within 10 business days after the date of the Tax Credit Reservation letter. If the reservation fee is not received, IFA may withdraw the reservation of Tax Credits from the Applicant. IFA will not issue a Form 8609 until the compliance monitoring fee is paid in full. All fees are nonrefundable, except for the following circumstances:

1. If there are residual funds after market study provisions are paid, the funds will be reimbursed on a pro-rata basis.

2. If the Applicant withdraws the Threshold Application within three business days of receipt by IFA, the Application fee will be reimbursed.

Fee Type	All Applicants

Threshold Application Fee	$1,000
Market Study Fee	$6,000 – Affordable Assisted Living Project $6,000 – Service Enriched Project $5,000 – Family/Older Person Project
Substantial Changes Fee	$1,000 – If substantial changes are made in the Project from Pre-Application Market Study and submission of Project, an update of the study will be made.
Reservation Fee	1% of the total 10-year Tax Credit amount
Compliance Monitoring	$18 per unit, per year x total Compliance Period (Example: $18 per unit x 24-unit Project x 30 year total Compliance Period = $12,960 paid in full prior to issuance of 8609) Other fees as provided in the Compliance Manual

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Perhaps IFA would consider reevaluating the compliance monitoring process and instituting some efficiencies, such as permitting the recertification waiver. This may help alleviate the need to raise compliance fees.

IFA Response: IFA has submitted an overview of compliance fees from other states to the Board for their review. IFA will consider changes to the compliance monitoring schedule in the future.

SECTION 4. UNDERWRITING

The Threshold Application will require the Applicant to demonstrate that the Project is financially feasible and viable using the least amount of Tax Credit. Underwriting will be completed by IFA during the review of the Threshold Application, and again following the Correction Period. IFA may adjust the amount of Tax Credit based upon the underwriting. Underwriting shall be completed for a Project prior to the time a reservation is awarded, at Carryover, and before a Form 8609 is issued. The pro forma cash flow is part of the Threshold Application. If a gap in financing is discovered after underwriting the Project, the gap may be filled from the Developer's fee if the fee is sufficient. No other fee will be used to fill a gap in financing.

The Threshold Application will require the Applicant to supply sufficient information to allow IFA to determine whether the Project is financially feasible during the construction phase and the operational phase of the Project. The Threshold Application will require the Applicant to provide information regarding loans, grants, equity contributions, the anticipated value received from syndicators, equity partners or private funding sources for the Tax Credits, Property tax abatements, tax increment financing, enterprise zone benefits and any other type of financing or contributions that are relevant to the economic feasibility of the Project and are available to the Project. State Historic Tax Credits (SHTCs) may be used provided that the Applicant can demonstrate that equity received from these credits will be received prior to the issuance of the Form 8609. SHTCs may not be used in underwriting if a gap in financing would exist beyond the issuance of Form 8609.

The following minimum financial underwriting requirements apply to all Projects. Projects that cannot meet the minimum requirements, as determined by IFA, will not receive Tax Credits.

<u>Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata</u> (submitted in writing)
If a gap in financing is discovered after underwriting, IFA should allow the gap to be filled by any source of funding.

<u>Kris Saddoris, Conlin Properties</u> (submitted in writing)
SHPO should verify the ability of a project to utilize the SHTCs.

<u>Terry Vestal, Iowa Dept. of Economic Development</u> (submitted in writing)
Section 4 – Back to my generic "timing" concern stated in #1 above. (is referring to comments located as Section 3.4) If the final, completed application is not received by IFA until late January, the IDED will not have sufficient time to review applications seeking HOME funds, assuming that the tentative award date remains at 3-5-08.

IFA Response: No additional sources or amounts of funding will be allowed to fill gaps after the Threshold Application is submitted with the exception of the developer fee. Following receipt of the Threshold Application, the Tax Credit amount cannot be increased.

The Department of Cultural Affairs establishes their own policies related to the approval of State Historic Tax Credits. An Applicant can show that the equity will be received from an investor by providing a letter of commitment from an investor or syndicator.

4.1 Underwriting Standards.

<u>Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata</u> (submitted in writing/orally)

By prescribing all escalators, vacancy rates, and operating expenses, the debt coverage ratio may fall outside of the 1.15-1.35 acceptable DCR range at some point in the project compliance period simply by mathematical default. If all of these variables are set by the QAP, IFA will need to be mindful of this and apply some flexibility when interpreting the DCR.

IFA Response: Section 4.1.3. states, "If the Debt Coverage Ratio falls outside of this range, the Applicant must provide a narrative to justify the deviation." This provides flexibility in the review of the DCR.

4.1.1 Projects will be underwritten with rent escalating at a minimum of two percent (2%) and operating expenses escalating at a minimum of three percent (3%), with a minimum spread of one percent (1%) required between the rent and expense escalators.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
The draft application (Exhibit 7T) suggests that real estate taxes do not have to escalate at three percent. Can this exception be noted in Section 4.1.1. In addition, as property management fees are tied to rents, management fees should be able to be escalated at the same rate as rents.

Sarah Reilly, Community Corrections Improvement Association (oral summary)
Would like the escalators to be divided out………

Kris Saddoris, Conlin Properties (submitted in writing)
Will only the rent escalate or all income? I think the word Income should be in this section as opposed to rent.

IFA Response: The 15-year projected property tax payment schedule (exhibit 7T of the Threshold Application) is used to establish the real estate tax amounts that are used in the proforma. The property management fees escalate using the income escalator percentage in the proforma.

A correction has been made to replace "rent" with "income."

4.1.2 Projects with 20 or more units will be underwritten assuming a constant seven percent (7%) vacancy. Projects with fewer than 20 units will be underwritten assuming a constant ten percent (10%) vacancy.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
We believe that projects with 20 or more units should be able to be underwritten at a percentage between seven and ten, as long as it does not go below seven.

Sarah Reilly, Community Corrections Improvement Association (submitted in writing)
Project size is not the only issue affecting vacancy. Projects, regardless of size should be able to select a vacancy rate between 7 and 10 percent, so issues like target population and market area can also be taken into account.

Jeffrey Voorhees, National Consulting Alliance, Inc. (submitted in writing)
…I have noted several items in the QAP that would make it very difficult if not impossible to use the tax credit program with RD properties…:

PROBLEM: Section 4.1.2 and 10.1.1. You are requiring budgeted vacancy factors of 7% for projects over 20 units and 10% for projects under 20 units. RD standards usually are set at 10% for all projects unless they have a history of maintaining less than 10%. Projects that have a history of 10% will not work (or would be at risk) at 7%.

SOLUTION: Allow RD property vacancy rates to be set according to RD guidelines and approval.

IFA Response: The vacancy rate has been changed to not less than 7% and not more than 10% vacancy rate for any project.

4.1.3 All Projects must reflect a Debt Coverage Ratio between 1.15 and 1.35 for the first 15 years. If the Debt Coverage Ratio falls outside of this range, the Applicant must provide a narrative to justify the deviation. If the justification is not acceptable to IFA, the Project may be rejected.

<u>Doug LaBounty, Community Housing Initiatives</u> (submitted in writing)
Some small projects, especially rural projects with a significant number of one-bedroom units, do not generate sufficient cash flow to service hard/conventional debt. We do not feel that the QAP, as in past years, should force projects to carry some debt in order for coverage ratio to be calculable. It should be acceptable not to carry debt if there is not excessive cash flow generated (which IFA can determine at their discretion). In addition, many projects have tax abatement in early years, which may cause DCRs to temporarily be above 1.35. Again, as long as cash flow is not "excessive", we feel that this should be allowable. This section does indicated that IFA <u>may</u> approve a deviation from the DCR range, however an applicant really needs some assurance prior to application submission that a deviation is acceptable.

<u>Sarah Reilly, Community Corrections Improvement Association</u> (submitted in writing)
Many small projects, and those serving the lowest income tiers, do not generate sufficient cash flow to service hard or conventional debt. The QAP should not force projects to carry debt in order for coverage ratio to be calculable. It should be acceptable to carry no debt when excessive cash flow is not generated.

<u>Kris Saddoris, Conlin Properties</u> (submitted in writing)
As discussed at the public hearing, given the math involved here, the chances of straying outside of the DCR boundaries at the beginning or end of the deal are very good. Please verify that this will be an acceptable justification.

IFA Response: The Applicant must provide a narrative to justify a deviation outside of the DCR range. Evaluation of the DCR is done on a case-by-case basis based on an evaluation of the total Threshold Application.

4.1.4 Projects with less than 20 units must also demonstrate $150 per unit per year of net cash flow for the first 15 years. This does not apply to Projects with rental assistance through RD.

<u>Doug LaBounty, Community Housing Initiatives</u> (submitted in writing)
Why is this requirement limited to projects with less than 20 units? Also, we feel that this should apply only before any payments on the deferred development fee and/or soft debt (such as IDED).

<u>Sarah Reilly, Community Corrections Improvement Association</u> (submitted in writing)
Why is this requirement limited to project with less than 20 units? What is the expectation for larger properties? This requirement should apply before any payments on the deferred development fee and/or soft debt (such as IDED) are made.

IFA Response: No change recommended.

4.2 Operating Expenses.

4.2.1 Housing for Older Persons: Minimum of $2,500 per unit per year not including taxes, reserves and resident support services.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Defining a minimum operating expense for Older Persons and Family projects seems to be rather generic and doesn't take into account each projects' uniqueness and character. For example, what about the difference in operating expenses between owner-paid utilities and tenant-paid utilities?

Jeffrey Voorhees, National Consulting Alliance, Inc. (submitted in writing)
…I have noted several items in the QAP that would make it very difficult if not impossible to use the tax credit program with RD properties…:

PROBLEM: Section 4.2.1 and 10.2: This requires underwriting standards that budgeted operation expenses exclusive of property taxes and reserves be not less than $2500 per unit for elderly and $2800 per unit for families. This is far in excess of the $1600 to $2000 range that most RD properties are currently experiencing. RD would not approve such an increase when it is not needed.

SOLUTION: Exempt RD properties from these minimums and require that operating expenses be set according to RD guidelines.

4.2.2 Housing for Families: Minimum of $2,800 per unit per year not including taxes, reserves, and resident support services.

4.2.3 Owner projected operating expenses will be used if they are higher than IFA minimums.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
This section is not necessary. It would be best to delete it. Someone years from now may construe it prohibits reducing a line item expense below the value in the application. Some operating expenses may decrease with time.

IFA Response: No change recommended to Sections 4.2.1 or 4.2.3. Strike Section 4.2.3 – the preceding sections state that the amounts are a minimum, allowing a developer to have operating expenses that exceed the minimum.

4.3 Equity Pricing.

Chris Ales, Signature Holding Company (submitted in writing)
A few other minor points I will reiterate include …(3) my concern with your use of an average syndication price if it exceeds that reflected in the application, noting all deals are unique and I do not believe one price fits all.

4.3.1 IFA will conduct a survey of Tax Credit equity investors to determine appropriate pricing assumptions. Projects will be underwritten using the greater of this amount and the Applicant's projections.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing/orally)
Who will be included in the survey of Tax Credit equity investors? How will this be determined? What project characteristics will be assumed in the survey? Will various scenarios be presented?

Pricing is only one variable that an equity investor takes into account when determining if and how much to invest in a project. Other variables include, but are not limited to: the size of the project, the amount of credit, other types of financing, who the guarantors are for the project, the timing of the equity installments, the management component, timing of lease-up, and credit delivery. Taking only the generic price offered as a result of the survey does not reflect reality.

By applying the greater of the survey results to the Applicant projections, IFA may be setting the project up for a shortfall of funds. Consider the following scenario: The Applicant projects the Tax Credit equity investor to provide 87 cents for each credit. The results form the survey IFA conducted are 93 cents, so during underwriting, the amount of credit is reduced to reflect the higher pricing assumptions and the project is awarded tax credits based on this assumption. However, ultimately the equity investor invests in the project at 88 cents, not the 93 assumed by IFA. Who will make up the difference?

It is in each project's best interest to receive as good of a price on their tax credits as possible. Perhaps IFA could include the results of a survey as an informational tool for developers as they negotiate with the equity investor rather than as an underwriting assumption as presented in the 2008 QAP.

As always, it is in IFA's discretion to question any applicant who presents an unusually low price in the proforma or if IFA is concerned a project is getting a bad deal. IFA still has the ability to request additional justification if pricing does not seem reasonable.

Jon Coons, Aequitas Consulting, Inc. (submitted in writing)
I absolutely agree with removing points from the equity pricing, I do not believe that using a unilateral pricing structure is applicable. Smaller projects, and especially rural projects, do not and will not command the same pricing as larger projects in the larger MSAs. Case in point, the Cherry Lane project in DSM was able to negotiate \$.90/TC pricing, while the Meadowbrook RD project had difficulty even finding a Syndicator, let alone getting pricing above above the \$.83-.\$84/TC range. I think a unilateral equity pricing approach as proposed in the QAP will adversely affect the underwriting of the smaller, rural projects.

John Grosenheider (oral summary)
How would IFA effectively survey when there is such a variance in the types of projects that come in different sizes, different risks, different timings, different developer, different management company. You can't survey ten syndicators and ask them what they would give to invest in an Assisted Living Project because maybe only two of them will do it. So, how do you weight that? You won't get some of the larger syndicators that look for larger deals and may pay more, to do some 12-unit special needs project that really needs to get done somewhere.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
IFA should complete the survey and make the minimum pricing available to applicants well in advance of the due date.

Renie Neuberger (submitted in writing/orally)
(Regarding sentence that says) Projects will be underwritten using the greater of the application equity pricing or pricing from a survey of investors.

Pricing assumptions are based on deal structuring assumptions and investor requirements. Different syndicators structure differently and investor yields often change based upon their need or desire for certain types of deals. The incentive here will be toward a lower price. How far will IFA go to evaluate the underlying assumptions that go into pricing? Consider eliminating this from the QAP or consider different pricing for different deal types.

(oral summary)
Believe number should be posted around September. The critical piece is that we're all given enough time to know what the average is.

Sarah Reilly, Community Corrections Improvement Association (oral summary)
I prefer this to be pulled out altogether. You can gage what is reasonable or not reasonably when you're looking at them based on a range. I don't think this is something that needs to be included in the QAP.

Kris Saddoris, Conlin Properties (submitted in writing/orally)
This really needs to be completed prior to application and provided to applicants ASAP. This could create a gap unknowingly in a deal and kill it. It should be completed as soon as possible. The concern is that syndicators price very differently. Some are gross and some are net, some like big deals, some not. Some do AAL, some not. Basically all applications are going to need to be put together on whatever number IFA chooses. Just pick a minimum and make it a requirement as in 4.2 above (plug it in the app). If so, remove any requirement for a syndicator letter. If not, my preference is this section gets removed.

4.3.2 Equity should be calculated net of any syndication fees. Bridge loan interest typically incurred by the syndicator to enable an up front payment of equity should not be charged to the Project directly, but be reflected in the net payment of equity. Equity should be based on Tax Credits to be used by the investor(s), excluding those allocated to the Principals unless these entities are making an equity contribution in exchange for the Tax Cedits.

Kris Saddoris, Conlin Properties (submitted in writing)
Please make sure the application allows this equity for only the syndicator to occur. The GP always get some credits to keep the partnership legal, but rarely contributes cash for those credits. Prior apps calculated based on the whole amount.

IFA Response: Strike Section 4.3 and allow developers to provide the equity amount from syndicator or investor.

4.4 Reserves.

Chris Ales, Signature Holding Company (submitted in writing)
A few other minor points I will reiterate include (1) my belief that the current period to maintain Operating Reserves is adequate, supported by our syndicators concurrence, (2) my belief that including rent will run up operating expenses as residents have less motivation to manage their utility costs, …

4.4.1 **Rent-Up Reserve.** A reasonable amount must be established based on the projected rent-up time considering the market and target population, but in no event shall be less than $300 per unit. These funds must be available to the management agent to pay rent-up expenses incurred in excess of rent-up expenses budgeted for in the Project development costs. The funds are to be deposited in a separate bank account and evidence of such transaction provided to IFA with the Form 8609 Application Package. All funds remaining in the rent-up reserve at the time the Project reaches ninety percent (90%) occupancy must be transferred to the Project replacement reserve account.

<u>Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata</u> (submitted in writing)
Please add the following language to the end of this paragraph so it would read:

". . . All funds remaining in the rent-up reserve at the time the Project reaches ninety percent (90%) occupancy must be transferred to the Project replacement reserve account ***or used for additional project costs***."

<u>John Grosenheider</u> (oral summary)
It appears to have to do with the establishment of an additional $300 per unit in a rent-up reserve over and above rent-up expenses budgeted in the project development costs. Typically we put some number in for shortfalls and reserves and I'm not understanding are these the same thing. And then, the timing with evidencing the transaction to coincide with the 8609 package - I'm just thinking about our Sioux City project which is well under lease-up yet several months away from completing an 8609 package. Are you saying that evidence of those transactions would just be something that you would retroactively submit when you do an 8609 package? It almost appeared that you wanted a double rent-up reserve.

<u>Kris Saddoris, Conlin Properties</u> (submitted in writing/orally)
What project has failed that this has become a requirement? We have yet to utilize a rent-up reserve in the opening of 21 projects. This is an unnecessary expense to force on the projects. Almost all deals require the developer to fund this shortage as part of the syndication agreement. Given that the amount is ON TOP of the rent-up expenses, it is a double dip, and basically more money we have to borrow to over-fund the replacement reserve in the end. Please let the syndicators handle this in their own deals.

4.4.1.1 For those Projects receiving loan funds from RD, the two percent (2%) initial operating and maintenance capital established by RD will be considered the required rent-up reserve deposit.

<u>Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata</u> (submitted in writing)
USDA-RD allows the return of initial operating funds to the owner after two years but not after seven years. How would IFA reconcile this difference? Perhaps IFA could consider adopting USDA-RD's policy.

<u>Doug LaBounty, Community Housing Initiatives</u> (submitted in writing)
Both investors we have worked with in the past require unused rent-up reserve funds to be transferred to the operating reserve account, not the replacement reserve account.

IFA Response: Strike Section 4.4.1.

4.4.2 **Operating Reserve.** The operating reserve will be the greater of 1) $1,500 per unit or 2) six month's debt service and operating expenses. The operating reserve must be maintained for the duration of the first 15 years. The Applicant must include a narrative explaining how the operating reserve will be established.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing/orally)
It would be helpful if more specific language was included to clarify that the balance of the operating reserve account can be less than the greater of $1,500/unit or 6 month's debt service if the funds are needed for operating deficits in the first 15 years of operation.

John Grosenheider (oral summary)
It is still very unclear or at least in my mind it's clear what it says is that now the greater of the $1,500 per unit or six months of debt service must be maintained for the duration of 15 years. To me that means you have to have a minimum of that amount in the reserve for 15 years. It tells you how to establish that in here but it doesn't really tell you whether it can truly drop below that. I'm suggesting that somehow that language be cleared up so it says that the operating reserve may be used. Otherwise, if it's unavailable to me and we have to have that minimum amount in the operating reserve, it's like asking us to have two reserves.

Renie Neuberger (submitted in writing)
Remove or define maintained. Maintained implies the reserve cannot be used. The operating reserve is intended to be used and needs to be available for use.

Kris Saddoris, Conlin Properties (submitted in writing)
Fifteen years is excessive, given the 6 month requirement, coupled with the RR requirement. How were these determinations made? Based on what experience? We also need language to allow the use of the funds, and allow the balance to drop below this amount.

IFA Response: Change the operating reserve to be maintained from 15 to 10 years. Clarify the language on the use of the operating reserve to have the reserve "in place" instead of "maintained" and add that the reserve can be used solely to cover the operating deficits.

4.4.2.1 The Applicant may use the terms and conditions of the operating reserve required by lenders or other funders financing the Project provided the reserve is equal to or greater than the reserve required by this Section.

4.4.2.2 The operating reserve can be funded by deferring the Developer's fees of the Project. If this method is utilized, the deferred amounts owed to the Developer can only be repaid from cash flow if all required replacement reserve deposits have been made.

IFA Response: Remove from Section 4.4.2.2.: "If this method is utilized, the deferred amounts owed to the Developer can only be repaid from cash flow if all required replacement reserve deposits have been made."

4.4.2.3 The Ownership Entity may fund the operating reserve using an irrevocable letter of credit. The letter of credit will be released after the end of the 15-year period described in Section 4.4.2.

4.4.2.4 The requirement for the operating reserve is a compliance issue and may be satisfied using the terms and conditions of the operating reserve required by lenders or other funders financing the Project provided the reserve is equal to or greater than the reserve required by this Section. Applicants are required to submit to IFA a verification that the terms and conditions of the operating reserve required by lenders or other funders financing the Project has or will be satisfied at the time a building is placed in service.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
In order to maximize equity to the project, we often have the final equity payment include the operating reserve and a portion of the development fee. As written, IFA is requiring the operating reserve to be funded when placed in service. We believe that a later date should be acceptable if provisions for funding the reserve are included in the partnership agreement. As with IFA, investors do insist that reserves be established and maintained.

IFA Response: Add an exception to Section 4.4.2.4 for the operating reserve when the reserve is established with the final equity payment.

4.4.3 Replacement Reserve. All new construction Projects must budget replacement reserves of $300 per unit per year. Acquisition/rehabilitation, preservation, rehabilitation, adaptive reuse, and historic preservation Projects must budget replacement reserves of $350 per unit per year. The replacement reserve must be capitalized from the Project's operations, escalating annually at the same rate as the expense escalator.

4.4.3.1 The Threshold Application will require the Applicant to include a narrative explaining how the replacement reserve will be escrowed and used only for the replacement of capital components of the Project. The replacement reserve must be shown on the pro forma.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Please add the following language the end of the first sentence so it reads:

"The Threshold Application will require the Applicant to include a narrative explaining how the replacement reserve will be escrowed and used only for the replacement of capital components of the Project***, property taxes, insurance premiums or deductibles, or other project expenses of an unforeseen nature."***

IFA Response: No change recommended. The costs listed should be paid through project income or the operating reserves.

4.4.3.2 The requirement for the replacement reserve is a compliance issue and may be satisfied using the terms and conditions of the replacement reserve required by lenders or other funders financing the Project provided the reserve is equal to or greater than the reserve required by this Section. Applicants are required to submit to IFA a verification that the terms and conditions of the replacement reserve required by lenders or other funders financing the Project has or will be satisfied at the time a building is placed in service.

4.5 Deferred Developer Fees.

4.5.1 Developer fees can be deferred to cover a gap in funding sources as long as:

John Grosenheider (oral summary)
I was of the understanding that deferred developer fees were to be put in eligible basis or ….IFA was requiring a schedule payment value that could be sized to make debt service coverage work and a mortgage to be filed but here in the last sentence on page 11, it talks about payment as if it's a cash flow loan. I know there has been a couple of syndicators that we talked to about this deferred fee and IFA's position on it. Quite frankly it's a cash flow situation and it's not a scheduled mortgage payment as it appears to have been requested in the underwriting. Maybe I'm just wrong but you can't have it both ways – It's either debt or cash flow. This needs to be cleared up. (Mr. Burns said they had the same confusion here.)

Doug LaBounty, Community Housing Initiatives (submitted in writing)
For nonprofit organizations, we believe it should also be acceptable top provide a copy of board minutes authorizing the deferral of development fees (i.e. in additional to a formal resolution.)

The deferred development fee is, and must be, a bona fide obligation in order to be included in eligible basis. Shouldn't repayment of the deferred fee accordingly be included in the debt coverage ratio? Or, are we just not clear as to IFA's intent with this provision.

Sarah Reilly, Community Corrections Improvement Association (submitted in writing/orally)
Because the deferred developer fee is, and must be, a bona fide obligation in order to be included in eligible basis, the deferred developer fee should be included in the debt coverage ratio?

(oral summary)
….Believe IFA should have some type of option where we are not required to have debt to income ratio as long as your cash flow is not excessive. (Julie Lunn of IFA stated there was a place in the Application where that can be explained.)

Kris Saddoris, Conlin Properties (submitted in writing)
The QAP should allow repayment by the Developer to keep it in basis.

IFA Response: Removed from Section 4.4.2.2.: "If this method is utilized, the deferred amounts owed to the Developer can only be repaid from cash flow if all required replacement reserve deposits have been made." The placement of the deferred development fee is being moved to be included in the DCR calculation in the proforma in the Threshold Application.

1. The entire amount will be paid within 15 years and meets the standards required by the IRS to stay in basis;

2. The deferred portion does not exceed fifty percent (50%) of the total amount as of the full Application; and

3. Payment projections do not negatively impact the operation of the Project.

Each of these will be determined by IFA. Nonprofit organizations must include a resolution from the Board of Directors allowing such a deferred payment obligation to the Project.

The Developer may not charge interest on the deferred amount in excess of the long term Applicable Federal Rate (AFR), the repayment must be paid from net cash flow, and payments cannot be calculated into the minimum Debt Coverage Ratio.

IFA Response: Remove this section from the last sentence: "the repayment must be paid from the net cash flow, and payments cannot be calculated into the minimum Debt Coverage Ratio."

4.6 Financing Commitment.

4.6.1 If applicable, for all Projects proposing private construction and permanent financing, a letter of intent is required. This letter must clearly state that the term of the permanent loan is at least 18 years, how the interest rate will be indexed and the current rate at the time of the letter, the amortization period, fees, any prepayment penalties, anticipated security interest in the Property and lien position. The interest rate must be fixed and no balloon payments may be due for 18 years. The bank must complete a cover letter using the format approved by IFA, and submit it with the letter of intent.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
The language "interest rate must be fixed" is too restrictive. We have worked with an Iowa-based bank using a loan product that adjusts every 5 years for the term of the loan. The 5-year adjuster is capped at .5% and can go up or down based on the index rate at the point in time of the adjustment.

Kris Saddoris, Conlin Properties (submitted in writing)
Eighteen years is excessive and more costly to the tenants. Most syndicators only require that you get outside the 15 yrs.

IFA Response: Strike the language "at least 18 years" in the second line, and strike the second to the last sentence that starts, "The interest rate . . .".

4.6.2 Unless a request is being submitted for a loan from IFA, Threshold Applications may only include one set of proposed funding sources. IFA will not consider multiple funding scenarios. A Project will be ineligible for allocation if any of the listed funding sources will not be available in an amount and under the terms described in the Threshold Application. IFA may waive this limitation if the Project otherwise demonstrates financial feasibility. If a loan is being requested from IFA for a State-legislated revolving loan program, the Applicant may submit the designated financial documents listing the IFA construction and/or permanent loan(s) listed as a source, and may submit the designated financial documents with an alternative source for the construction and/or permanent loan(s).

Terry Vestal, Iowa Dept. of Economic Development (submitted in writing)
Section 4.6.2 – Directly related to IDED's (the above described) need for a final and complete application before we can review applications and make our own funding decisions, any direct loans from IFA (e.g., the state legislated revolving loan program) would also need to be secured, locked in and committed to prior to our review of applications. Our decisions and commitments need to be based on a singular proposed funding source scenario. I believe that the proposed '08 QAP allows applicants all the way up to carryover regarding the IFA loan component.

IFA Response: The only circumstance that a second funding scenario would be accepted is when the Transitional Housing Revolving Loan Fund is listed as a source of permanent and/or construction financing. IFA will determine if the loan is committed prior to the completion of the underwriting review.

4.7 Developer/Builder Fees.

4.7.1 Developer fees (including overhead and profit and Consultant Fees) shall not exceed the percentages described below. The Developer's fee is calculated as a percentage of Total Project Costs minus land, Developer's fee, Developer's overhead and profit, Consultant Fees and Project reserves. The fees will be limited as follows:

Project Type	Unit Specifics	Fee Limit
New Construction Projects	First 24 units	Not to exceed 15%
	Units 25 and greater	Not to exceed 12%
Acquisition/Rehabilitation Projects		Not to exceed 17%
Adaptive Reuse Projects		Not to exceed 17%
Historic Projects		Not to exceed 17%
Preservation Projects		Not to exceed 17%

4.7.2 Builder and general contractor fees will be limited to a total of fourteen percent (14%) of the Hard Construction Costs.

4.7.3 In the event the Developer fee, Consultant Fee or builder fee limits are in excess of the limits imposed, IFA will make the appropriate adjustments during the underwriting phase of the evaluation of the Applications.

4.8 Other Fees and Considerations.

4.8.1 Investor Services Fees. Investor services fees must be paid from the net cash flow and not be calculated into the minimum Debt Coverage Ratio.

<u>Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata</u> (submitted in writing)
Investor Services Fees should be an operating expense of the project. It is an industry standard for a syndicator to visit the project site and review tenant files and financial performance each year.

IFA Response: No change recommended.

4.8.2 Project Contingency Funding. All new construction Projects shall have a hard cost contingency line item of NO MORE THAN three percent (3%) of total hard costs, including Builder Profit and Builder Overhead. Acquisition/Rehabilitation, Preservation, Adaptive Reuse and Historic Preservation Projects shall include a hard cost contingency line item of ten percent (10%) of the total hard costs.

<u>Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata</u> (submitted in writing)
We agree to allow a line item for contingency hard construction costs. However, limiting it to only 3% for new construction is too restrictive unless IFA provides an opportunity similar to 6.3.2 where additional tax credits may be requested. There are many unknowns with new construction that could trigger a need for additional funds.

Sarah Reilly, Community Corrections Improvement Association (submitted in writing)
On past projects investors have requested a minimum of a five percent contingency for new construction.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
While maybe not an industry standard, our investors have requested a minimum of a five percent contingency for new construction.

IFA Response: Increase contingency funding up to 10% for new construction; increase contingency funding to 15% for acquisition/rehabilitation, adaptive reuse, and historic preservation.

4.8.3 Project Ownership. There must be a common ownership between all units and buildings within a single Project for the duration of the Compliance Period.

4.8.4 Supportive Services Election. If the Applicant selects to submit a Supportive Service plan under Section 6 Scoring Criteria, the pro forma must budget for at least $150 per Tax Credit unit annually.

4.9 Subsidy Layering Review. HUD is required to undertake subsidy layering reviews of each receiving HUD housing assistance to ensure that the Applicant does not receive excessive government subsidies by combining HUD housing assistance with other forms of federal, State or local assistance. For Projects that combine HUD housing assistance with Tax Credits, HUD has delegated the subsidy layering review to IFA. HUD and IFA have entered into a Memorandum of Understanding ("MOU") governing the procedures that IFA must follow when undertaking the subsidy layering review. Generally, the fee limits for Developer's fee, overhead, builder's profit and other fee limits set forth in this QAP in Sections 4.7 and 4.8 will be applied by IFA in its subsidy layering review. IFA will complete the subsidy layering review for applicable Projects after the Applicant and HUD submit relevant documentation for review at Carryover. This information includes the results of HUD's underwriting analysis, the Applicant's proposed development costs, and information concerning any syndication of the Project. IFA will undertake the subsidy layering review for each Project after completion of HUD's and IFA's underwriting, if applicable. IFA will complete a second subsidy layering review at the time the IRS Form 8609 is issued for the Project. IFA reserves the right, without amending this QAP, to amend its subsidy layering procedures as necessary to comply with changes in applicable federal law or regulations, HUD guidelines or the MOU. HOME and CDBG funding, when combined solely, with Tax Credits do not trigger the subsidy layering review process.

Mary Neiderbach, City of Des Moines Community Development Dept. (submitted in writing)
The City of Des Moines is an Entitlement City for HOME and CDBG funds and has a direct relationship with HUD. Our HUD monitors have required that Des Moines complete its own subsidy layering review when HOME or CDBG funding is combined with Tax Credits. Des Moines has also combined City HOME funds with IDED HOME funds and has sometimes agreed to complete the environmental review record and long term monitoring of the HOME units. The City's underwriting guidelines vary from IDED's. For example, the City will provide HOME funds to a Tax Credit project and not require Davis Bacon wage rates to be followed if fewer than 11 units are assisted. In addition, the city does not have a set policy on the number of units to be assisted, but has generally assisted the units that are for those households at 40% of median income. In addition, Des Moines has a Council approved policy that requires a payment of at least the interest on a loan during the period of affordability.

Could you add a statement to 4.9 Subsidy Layering Review that reads: An Entitlement City may conduct its own subsidy layering review if Entitlement City CDBG or HOME funds are contributed to a project. Entitlement City underwriting guidelines will conform with HUD requirements but are set by individual cities and may vary from that of IDED or IFA.
IFA Response: No change recommended.

4.10 Unit Cost Cap. The total development cost (Total Project Cost minus cost of land, bridge loan interest, operating reserves, all capitalized reserves, IFA compliance monitoring fee, Developer fee, Consultant Fee, reservation fee and Application fee) must not exceed the following per unit:

Non-Elevator Building	
0 Bedroom Unit	$105,150
1 Bedroom Unit	$121,250
2 Bedroom Unit	$146,225
3+ Bedroom Unit	$187,150
Elevator Building	
0 Bedroom Unit	$110,650
1 Bedroom Unit	$126,850
2 Bedroom Unit	$154,250
3+ Bedroom Unit	$199,550

Add to Each Unit **(May select one category only)**	
Scattered Site OR	$7,500
Affordable Assisted Living Set-Aside	$15,000
Add to Each Unit **(May select one or both categories)**	
Green Building AND/OR	$5,000
100% Accessible Building	$2,500

Examples of applying per unit cost cap:

Example 1

1 bedroom non-elevator	$121,250
+ Affordable Assisted Living	7,500
+ Green building	5,000
+ 100% accessible	2,500
Total cost cap per unit	$136,250

Renie Neuberger (submitted in writing)
Example 1 refers to Affordable Assisted Living addition of $7,500 but the schedule above reflects $15,000 for AAL.

Example 2

2 bedroom non-elevator	$154,250
+ 100% accessible	2,500
Total cost cap per unit	$156,750

Example 3

3+ bedroom elevator	$199,550
+ Green building	5,000
Total cost cap per unit	$204,550

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Overall, this section seems to be an improvement over the previous system. However, Service Enriched projects should also receive a $15,000/unit increase due to the increases in community spaces and amenities that come along with providing a service enriched housing opportunity. Projects could choose between an increase in the cost cap for Scattered Site *or* Affordable Assisted Living *or* Service Enriched projects.

Terry Vestal, Iowa Dept. of Economic Development (submitted in writing)
Section 4.10, Unit Cost Cap – The HOME program per unit limitations are considerably less. Those applicants seeking HOME funds will need to be aware of the HOME limitations and restrictions and budget, as well as plan, their projects accordingly. This issue becomes even further complicated by mixed income project proposals. The IDED will undoubtedly have financial feasibility issues and conflicts to deal with on the majority of the applicants that seek HOME funds at the proposed '08 QAP unit cost cap, particularly the mixed income proposals.

IFA Response: Corrected amounts in example 1. Added clarifying language that the unit cost caps are maximum amounts and that a project must be financially feasible in order to meet threshold. Clarify that for those Applicants requesting HOME funds, must follow the HOME and IDED regulations.

4.10.1 Projects receiving state and/or federal historic rehabilitation Tax Credits will be allowed to deduct the residential portion of the historic Tax Credit from the Project costs to allow for stricter rehabilitation standards. IFA may, on a case by case basis, allow a Project receiving historic rehabilitation Tax Credits or participating in HUD's portfolio re-engineering program to exceed the unit cost cap. Portfolio re-engineering Projects should include a copy of the Project's physical condition assessment to demonstrate the potential unit cost. IFA may reject costs that exceed the cost cap, in its sole discretion, if the costs are not reasonable or justified. When evaluating these factors, IFA will review the appraisal and the Capital Needs Assessment to determine reasonableness.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
This section indicates that IFA "may" allow historic rehab projects to exceed the cost cap. While it is my understanding that IFA typically has historically approved historic projects to exceed the cap, we nonetheless would appreciate having some guidance as to how IFA evaluates projects that do exceed the cap. Given that there are no guidelines in the draft QAP, we assume that we can have IFA evaluate costs prior to submission of the application.

IFA Response: No change recommended.

SECTION 5. THRESHOLD REQUIREMENTS - ALL DEVELOPERS\OWNERSHIP ENTITIES

To be considered for a reservation of Tax Credits, a Project must demonstrate that it meets the requirements described in this Section.

5.1 Complete Application. In order for IFA to review an Application fairly and accurately, it must be complete. If there is not adequate information provided to review the Application, and upon request from IFA to the Applicant, adequate information is not submitted, then IFA shall reject the Application. In the case that additional information is requested by IFA, the notice for information will be sent by overnight delivery. The Applicant will have a reasonable amount of time to submit the requested information, as specified in the notice for information. The Applicant may contact the Tax Credit Manager during this period to request clarification. IFA reserves the right to contact the Applicant in ways other than overnight delivery to clarify information contained in the Application.

5.2 Legal Ownership Entity. If the Applicant is applying for the Nonprofit Set-Aside, then the Ownership Entity must be formed prior to submission of the Application for Scoring and Determination of Set-Asides. For all others, the Ownership Entity must be formed prior to submission of the Carryover Application Package for the awarded Project.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing/orally)
As a point of clarification, who signs the application if the legal ownership entity is not formed? How would enforcement of the application take place if it had not been signed by the ownership entity? The proposed Section 5.2 is not compatible with current Section 12.3, Transfers.

If the Ownership Entity is not formed at the time of application, how will IFA identify qualified team members in Section 5.4.2 or ineligible significant parties in Section 5.4.6?

(oral summary)
Don't understand why you don't want it formed at the time the application is submitted. How would you determine who is responsible for the application and how would you determine ineligible parties if you don't know who the members are to be? It doesn't take much to form one.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
We are not clear as to why the ownership entity, a for-profit limited partnership, has to be formed prior to application submission if the general partner is a nonprofit organization. While the nonprofit clearly should be formed prior to submission (i.e. for NP set aside purposes), we do not understand why the ownership entity needs to be formed.

Sarah Reilly, Community Corrections Improvement Association (submitted in writing/orally)
We are not clear as to why the ownership entity has to be formed prior to application submission only if the general partner is a non-profit organization. While the non-profit definitely should be formed prior to submission, we do not understand why the ownership entity needs to be formed.

Terry Vestal, Iowa Dept. of Economic Development (submitted in writing)
Section 5.2 and Section 7.4.1.2 – Legal Ownership Entity – The IDED needs to have the legal ownership entity formed prior to application submission, all applicants for HOME funds.

IFA Response: Revert to requirement that the Ownership Entity must be formed prior to submission of the Threshold Application for all applicants.

5.3 Location Requirements. The proposed Project must be located in an incorporated city. Threshold Applications shall not contain or propose alternate sites. Alternate sites must be presented as separate Projects with separate Threshold Applications.

5.4 Readiness to Proceed. The Applicant must be ready to proceed with the Project by documenting site Control, site suitability, zoning, access to paved roads, access to Utilities, and adherence to building standards. Refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation for related requirements. In addition, the following must also be met:

5.4.1 Land/Acquisition from Related Parties. For land and buildings which are acquired from a related party, the Applicant must provide documentation showing past transactions which substantiate the value of the Property shown in the Threshold Application or an appraisal by an MAI certified appraiser who is not a related party.

5.4.2 Qualified Development Team. The Application will require the Applicant to identify the Development Team (Ownership Entity, Developer, contractor, architect, engineer, consultant, tax accountant, tax attorney, management company, syndicator and general partner). The Applicant will be required to provide a narrative describing each member's function and explain how the Development Team possesses the necessary experience to successfully complete the proposed Project and all other projects under construction, and that it has developed projects of comparable size and financing complexity. The qualifications of the Development Team will be evaluated again at Carryover and the reservation of Tax Credits may be revoked, at the sole discretion of IFA, if the Development Team is not qualified to successfully complete the proposed Project.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
The identification of the Ownership entity is not consistent with 5.2 or 5.4.6.

5.4.3 Capital Needs Assessment for Rehabilitation, Preservation and Adaptive Reuse Projects. The Application will require the Applicant to acknowledge the Capital Needs Assessment requirement and that IFA will use it in the Carryover evaluation. For the requirements related to the Capital Needs Assessment, refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

5.4.4 Local Contributing Effort. The Threshold Application will require the Applicant to document a Local Contributing Effort by a public or private agency with a value of at least one percent (1%) of the Hard Construction Costs. The IFA provided exhibit in the Threshold Application must be used in documenting the Local Contributing Effort. A Local Contributing Effort will not be considered as qualifying for this Section if the Local Contributing Effort was made more than one year before the effective date of the QAP unless it is a contribution in the form of land or buildings. The agency making the Local Contributing Effort must indicate the value of its contribution including a description of land value and how it was determined. The value of the Local Contributing Effort is the value of the contribution made by the agency minus the value of any consideration or accommodation received by the agency in return for the contribution. The Local Contributing Effort may be contingent upon the receipt of a Tax Credit Reservation.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
There has historically been inconsistent treatment as to how IFA treats low interest loans. Up until 2007, IFA had always allowed the full amount of a low interest loan to be included as contributing effort. In 2007, however, we were only allowed to include the present value of the interest savings. This may also be the case with tax abatement, since these benefits are realized over time. We feel that as long as the local contribution is a benefit to the project, that it should be counted at its face value.

IFA Response: No change recommended. Section 5.4.4. reflects past practice.

5.4.5 Commitment to Notify Public Housing Authority (PHA) of Vacancies. The Threshold Application will require the Applicant to notify the local PHA having jurisdiction in the Political Subdivision where the Project is located. The letter shall state the Applicant's desire to be placed on the PHA's list. The Applicant must provide a copy of this letter with their Threshold Application.

5.4.6 Ineligible Significant Parties. For this Section, Significant Parties includes but is not limited to the Ownership Entity, the eventual owner of the Tax Credit Project, the eventual taxpayer of the Tax Credit Project, the Developer, general partner, accountant, architect, engineer, financial consultant, any other consultant, management agent and the general contractor, other persons identified on the Project Development Team or determined to be Significant Parties by IFA, but does not include syndicators, equity partners, private placement originators or limited partners.

5.4.6.1 The following Significant Parties may be ineligible to participate in the LIHTC Program and may not receive a Tax Credit Reservation, Tax Credit Allocation at Carryover time or a Form 8609:

5.4.6.1.1 Significant Parties who have unsatisfactory performance in any IFA sponsored or assisted program, as determined by IFA. This would include parties who have 90-day delinquent loans to any IFA program. Unsatisfactory performance may include but is not limited to a default of any obligation owed to IFA in any of its programs or an uncorrected default of any agreement between the Significant Party and IFA.

5.4.6.1.2 Significant Parties who have served as an officer, director, General Partner, or managing member of any entity that has unsatisfactory performance in any IFA sponsored or assisted program, or under any agreement with or loan from IFA, as determined by IFA This would include entities who have one or more 90-day delinquent loans with IFA. Unsatisfactory performance may include, but is not limited to, a default of any obligation owed to IFA in any of its programs or an uncorrected default between the entity and IFA.

5.4.6.1.3 Significant Parties who have received an uncorrected Form 8823 issued by IFA or any other state. Applicants are encouraged to submit detailed explanations, on the exhibit provided in the Application, of any uncorrected 8823's that have been issued with respect to properties associated with any Significant Parties.

5.4.6.1.4 Significant Parties who have been:

1. Convicted of;

2. Entered an agreement for immunity from prosecution for;

3. Received a deferred judgment or suspended sentence or judgment for; or

4. Pled guilty, including a plea of no contest to

a crime of dishonesty, fraud, tax fraud, embezzlement, bribery, payments of illegal gratuities, perjury, false statements, racketeering, blackmail, extortion, falsification, destruction of records, or crimes of violence.

5.4.6.1.5 Significant Parties who have been debarred from any program administered by IFA, any other state agency, or any federal agency.

5.4.6.1.6 Significant Parties who have an Identity of Interest with any debarred entity.

5.4.6.1.7 Significant Parties who fail to disclose any direct or indirect financial or other interest a member of the Project Development Team may have with another member of the Project Development Team or with the Project.

5.4.6.1.8 An Applicant who fails to disclose all known members of the Project Development Team.

5.4.6.1.9 A Developer who has been removed as a General Partner by the equity investor from any previously approved LIHTC Project in Iowa or any other state.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Add the words "or consultant" after the word "Developer" in the first line. Developer and Consultant are considered the same throughout the QAP.

IFA Response: In Section 5.4.6.1.9, change "Developer" to "Significant Parties" to mirror preceding sections.

5.4.7.1 In the event IFA discovers that the Applicant, its Affiliates or other Significant Parties or any other person with an Identity of Interest associated with the Project have misrepresented the certifications made consistent with this Section or Section 2.3 Tax Credit Cap for a Single Developer; or the Applicant, its Affiliates, other Significant Parties or any other person with an Identity of Interest associated with the Project has failed to make the disclosures required by the QAP and Application or the Applicant, its Affiliates, other Significant Parties or any other person with an Identity of Interest associated with the Project made any material misrepresentation on the Application or in any of the documents submitted with the Application; or that the Form 8609 Part II elections are not the same as those represented on the Application, IFA may do one or more of the following: bar the offending party from applying for Tax Credits for a period of up to five years, revoke the Tax Credit Reservation awarded or issue a Form 8823 if the Project has been placed in service.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Consider adding a remedy to substitute a new general partner, selected by IFA, in order to maintain the project in the Section 42 portfolio.

IFA Response: No change recommended.

5.5 Displacement of Tenants. IFA will accept Threshold Applications that have displaced (or will displace) tenants. The Threshold Application will require the Applicant to submit an acceptable relocation plan.

5.6 Confirmation of Eligibility—Rehabilitation or Acquisition. The Threshold Application will require the Applicant to confirm eligibility under IRC Section 42(d)(2)(B)(ii) (the 10-year rule) by listing each building by address, the date the building was placed in service by the Applicant from whom the building was or will be acquired, the date the building was or is planned for acquisition by the Applicant, and the number of years between the date the building was last placed in service and the expected date of acquisition. If the number of years for any building is less than 10 years, the Applicant must explain any exception under the Internal Revenue Code, which would make the building eligible for Tax Credit under IRC Section 42(d)(2)(B)(ii).

5.7 Rehabilitation Standards. If the Applicant is proposing to rehabilitate a building(s), the Threshold Application will require the Applicant to provide information regarding Rehabilitation Expenditures for each building as specified in Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation. The Applicant must identify, with respect to each building as required by the Threshold Application, the Rehabilitation Expenditures as defined in IRC Section 42(e)(2) which shall be allocable to or substantially benefit the Low-Income Units in such building. The Application must show the calculations for whether the amount of Rehabilitation Expenditures is at least equal to the greater of ten percent (10%) of the expected adjusted basis of the building or a $10,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit. Additionally, the Applicant must indicate that all buildings in the Project qualify for the exception provided for in IRC Section 42(e)(3)(B) regarding the ten percent (10%) basis requirement or that all the buildings qualify for the exception provided for in IRC Section 42(f)(5)(B)(ii)(II) regarding the $3,000 per unit requirement or that there are different circumstances for each building as described by the Applicant.

Kris Saddoris, Conlin Properties (submitted in writing/orally)
The sentence starting “Additionally . . . “ I believe incorrect states IFA requirements with regards to qualifying rehab expenditures. (This same sentence appears at least 2 more times in the QAP) The application appears to address it correctly under Section 8.

Jeffrey Voorhees, National Consulting Alliance, Inc. (submitted in writing)

…I have noted several items in the QAP that would make it very difficult if not impossible to use the tax credit program with RD properties…:

PROBLEM: Rehab Standards, Section 5.7: This requires hard construction of not less than $10,000 per unit. This may be appropriate in some projects, but in other RD projects, especially elderly, this could be excessive and a waste of dollars.

SOLUTION: Set minimum back to $7500 per unit or as required by a Capital needs Assessment.

IFA Response: At the start of the last sentence, remove "In addition" and replace with, "If neither the ten percent (10%) or the $10,000 requirement has been met".

5.8 Building Standards. Preliminary site plan and floor plans are to be submitted with the Threshold Application to IFA for all of the buildings in the proposed development. The Applicant must demonstrate that they have or will meet local state and federal standards that apply to the Project, and meet IFA's minimum development characteristics. For additional requirements and a list of the minimum development characteristics, refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

5.9 Scattered Sites. The Applicant must submit a composite Threshold Application reflecting the total of all sites as well as separate site specific exhibits for each site included in the Project. A scattered site is a Project where multiple buildings with similar units are not located in proximity to one another, but are owned by the same party and financed under the same agreement(s), and are located within a 60-mile radius. A scattered site Project may be new construction, acquisition, rehabilitation or a combination of these types.

Jon Coons, Aequitas Consulting, Inc. (submitted in writing)
The change to a radius is a good concept, but I think a 60-mile radius is a bit too much latitude, as it would allow a scattered site diameter of 120 miles, which means I could have a scattered site in Waterloo/Cedar Falls and Des Moines. To further illustrate, a 30-mile radius would have a diameter of 60 miles, a circumference of 94.24 miles and encompass 706.85 square miles, and a 60-mile radius, in comparison, would have an a diameter of 120 miles, a circumference of 188.5 miles and an area of 2,827 square miles - 4x that of a 30-mile radius. A 30-mile radius of a application specified and Developer selected Point of Beginning would be better, in my opinion.

IFA Response: Change to 30-mile radius.

SECTION 6. SCORING CRITERIA

IFA will award points during phase three of the Application process (Application for Scoring and Determination of Set-Asides) for the following items, provided adequate evidence supports the award of points for all sites within the Project. Evidence will be identified in the Application or an exhibit or attachment to the Application.

Renie Neuberger (submitted in writing)
List the total points available.

Terry Vestal, Iowa Dept. of Economic Development (submitted in writing)
Section 6 Scoring Criteria - It was noted that the proposed '08 QAP does not provide for scoring points if the 20/50 elective is taken by the applicant. This may lessen the number of applicants that select the 20/50 elective. If this occurs, meeting the IDED's HOME income targeting requirements will become an issue.

IFA Response: IFA provides points for serving up to 20% of the tenants at 40% area median income and points for providing rents at 100% of fair market rent for the county of residence. IFA will consider the addition of points for the 20/50 election in the future.

Resident Profile

Category 1. Serves Lowest Income Residents — 0 to 20 points

Projects that provide units that are set-aside and occupied by tenants with incomes at or below forty percent (40%) AMGI and are rent restricted. 1 point for each full 1% of the units (20 points maximum)

Category 2. Mixed Income Incentive — 0 to 20 points

Projects that provide market rate units (not eligible for Tax Credits). On-site market rate staff units cannot be counted for points. 1 point for each full one percent (1%) of the units (20 points maximum)

Category 3. Serves Large Families — 0 to 10 points

For Family Projects ONLY: Projects with at least 3 bedrooms and 1.5 bathrooms. 1 point for each full one percent (1%) of the units (10 points maximum)

Kris Saddoris, Conlin Properties (submitted in writing)
Given the breakdown of points in other categories, these seem very low.

IFA Response: No change recommended. This is the same point total offered in the 2007 QAP.

Category 4. Resident Populations with Special Needs

Applicant must submit a complete supportive services application and provide no less than $150 per Tax Credit funded unit annually for the provision of supportive services in the pro forma. The supportive service plan must be specific to the proposed Project and the selected population.

- Basic Service Plan — 0 to 10 points
- Enhanced Service Plan — 11 to 20 points
- Comprehensive Service Plan — 21 to 30 points

Matt Hektoen, Hatch Development Group (submitted in writing)
The three tiered scoring system for supportive services plans may be beneficial to the development field as a whole because it will weed out those developers that create a weak supportive services plan just to

get the 30 points. However, IFA should provide a detailed metric by which it judges the plans so that developers can gauge where their plan would fall under the new scoring system.

Sarah Reilly, Community Corrections Improvement Association (submitted in writing)
This section needs further description of the service plan requirements in each category.

IFA Response: Refer to Attachment G of the Application for a description of the basic, enhanced and comprehensive service plans.

Category 5. Provides an Opportunity for Homeownership 15 points
Iowa Renter to Ownership Savings Equity (ROSE) Program: 15 points will be awarded to an Applicant who implements a bona fide long-term Iowa ROSE Program. Long-term Iowa ROSE Program is a lease-to-own single family home program pursuant to a plan and with documents approved by IFA with the house to be sold to a qualified tenant at the end of the initial 15-year Compliance Period.

Category 6. Rent Reasonableness 20 points
Rents for 100% of the Low-Income Units are set at or below one hundred percent (100%) of fair market rent for the county of residence, as established annually by HUD.

Kris Saddoris, Conlin Properties (submitted in writing)
How will long-term compliance with this rule be done? Will it be added to the LURA?

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
This scoring category favors projects with larger units (i.e. more bedrooms). It is easier for larger units to offer the FMR since the FMR increases disproportionately to the cost of construction. For example, the FMR in Johnson County for a one-bedroom dwelling unit is $541. The FMR for a three-bedroom dwelling unit is $994, 54% greater than the amount of the one-bedroom unit. However, the cost of constructing a three-bedroom unit is less than 54% times the cost of constructing a one-bedroom unit.

IFA Response: No change recommended.

Category 7. Utilities Included 5 points
Utilities (electricity, gas, water and sewer) are included in the cost of rent.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing/orally)
This scoring category seems misguided for many reasons, as described below.

- It is in conflict with the goals of the Green Building Criteria because it does not encourage efficiency. In fact, when tenants are not paying for the utilities they use, it encourages waste because they don’t see the direct relation between cost and usage. Tenants have no incentive to conserve energy.

- It does not support self-sufficiency for tenants who want to transfer from a renter to a homeowner and will then be responsible for utility costs.

- It hinders the independence of tenants. Oftentimes when utilities are paid for by the landlord, the heating and cooling components are also regulated by the landlord, such as location and number of thermostats and the start and end dates of cooling and heating seasons. In this scenario, tenants would not be able to regulate the temperature or humidity.

- Not having control over humidity and temperature levels can be medically detrimental for older persons and others who suffer from asthma, emphysema, Chronic Obstructive Pulmonary Disease, congestive heart failure, and other medical conditions that are greatly affected by humidity and temperature.

- When the landlord pays the utilities in each of the units, tenants who do conserve energy are paying for others' excessive use. This is true even with rent controls in place.

- The utility cost is actually higher for tenants. When the landlord pays the utilities, it eliminates the option of utilizing subsidies that are available to tenants who pay their utilities.

For all these reasons, it seems counterproductive to encourage projects to include utilities in the cost of rent. In fact, it seems more sensible to award points for projects with tenant-paid utilities.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
We do not feel that IFA should encourage owners to pay all utilities, for two reasons. First, both investors and lenders strongly and rightly resist this due to operating expense uncertainties. Second, tenants will not have any financial incentive to practice energy conservation. To help assure long-term viable projects, we feel a more sound approach is to encourage green building techniques so that tenant-paid utilities are lower over the long-term. It is good to see green building's presence increasing in the QAP.

Renie Neuberger (submitted in writing)
Consider removing this as a scoring option.

M. Pesce, Facility Strategies Group (submitted in writing)
Consider an energy management system to track and manage consumption.

Sarah Reilly, Community Corrections Improvement Association (oral summary)
This is very expensive and totally unpredictable as a cost for us and the tenant. They are eligible as very low-income tenants for subsidies and help in that area. As a nonprofit, we are not. We cannot get the subsidies for those people – it is not an option for us. So when there is a period where the utilities are high, that puts a project in jeopardy if we decide to go that route because we can't make up any of those costs whereas as a person, they can choose to or not to conserve. I think this is a way for a project to have huge financial problems right off the bat.

Kris Saddoris, Conlin Properties (submitted in writing/orally)
How does this benefit the tenant? A landlord must charge enough to insure that they cover their costs regardless of how much the tenant uses, so the tenant is in essence paying for utilities they may not be using. This does not encourage conservation. This only serves to increase rent levels. Otherwise, the tenant could actually control their own costs. The cost will be much higher to the resident that paying them direct, and with separate billing, they are eligible for utility subsidy. Under this method, they are not.

IFA Response: Strike Category 7. A comprehensive study of the benefits and burdens of having utilities included in rent will be completed and presented to the Board prior to the drafting of the 2009 QAP.

Location
Category 1 Location Near Services 0 to 10 points

The calculated distance from the Project to services that are available using existing roads that can be traveled by automobile or pedestrian. (10 points maximum)

Services	Within 1 Mile	Within 2 Miles	Older Persons/ Family/Both
Public Transportation	2 points	1 point	Both
Schools	2 points	1 point	Family only
Pharmacies	2 points	1 point	Both
Medical Services	2 points	1 point	Both
Grocery Store (not convenience store)	2 points	1 point	Both
Day Care	2 points	1 point	Family only
Library	2 points	1 point	Both
Senior Center	2 points	1 point	Older Persons only
Community Center	2 points	1 point	Both
Congregate Mealsite	2 points	1 point	Older Persons only
Before and After School Care Program	2 points	1 point	Family only

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Consider adding "Adult Day Care" as service for an older persons project.

Kris Saddoris, Conlin Properties (submitted in writing)
Location – what services do the tenants actually want? This list has not changed in many years, nor have items to been added. Who has asked the actual user?

IFA Response: Clarified language that the school is a public school, and that the property must be located in the school district to receive points for proximity to schools and before and after school care programs.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Enterprise Zones
Reinstitute a category for scoring points to a project that is located in an IDED Enterprise Zone (EZ). By encouraging an LIHTC project in an EZ, IFA recognizes a local designation that targets local investment. We are assured that other investment is happening alongside an LIHTC project. When the project is part of a larger community investment program, the LIHTC program capitalizes on local investment that is already taking place and encourages it to continue. This is a great benefit for tenants since they would not be asked to bear the brunt of development in financially depressed areas.

John Grosenheider (oral summary)
Regarding removing scoring option for projects in a Qualified Census Tract - I understand why it was done and how IFA might want to phase it out, but I don't think IFA has given true consideration for what that does to community development efforts and the planning over time to find the projects and work with communities to develop the qualified census tracts. Real estate is like driving an ocean liner rather than a speed boat. We engage with some of these communities and projects years in advance and to just immediately shut off a community's plan to revitalize a qualified censes tract, or the developer's efforts to hold or secure land in conjunction with a revitalization effort and not give you warning that you are going to change it, I think is pretty abrupt in the massive real estate development market that IFA runs here. So, I really think that removing a scoring option for projects in a QCT without at least a year's warning is not

fair. It's not right for the communities and it's not right for the developers that have spent the time and effort.

Matt Hektoen, Hatch Development Group (submitted in writing)
Furthermore, by removing the scoring option for QCT developments, IFA has removed a major incentive for LIHTC developments in urban areas. Urban development follows urban employment and visa versa. Affordable housing is a key to any successful downtown. If by removing QCT scoring, IFA desires to prevent projects from being built in areas that are not optimal for LIHTC projects (i.e. QCTs are large areas and do not necessarily ensure that QCT projects will be constructed in truly urban areas), it should consider leaving the QCT scoring system in the application, but tying it to a requirement that the development also be in a urban renewal district. This requirement would ensure that QCT developments are occurring in urban areas.

IFA Response: No change recommended. Financial incentives exist for the development of projects in QCTs (30% boost in eligible basis) and Enterprise Zones (Enterprise Zone Tax Credits).

IFA Response: Recommend adding points to the application for Great Places Initiative. House File 647 requires that in considering an application for a grant, loan, or other financial or technical assistance for a project identified in an Iowa great places agreement developed pursuant to section 303.3C, a state agency shall give additional consideration or additional points in the application of rating or evaluation criteria to such applications. In response to HF647, IFA is adding 2 points to Section 6 Scoring Criteria for projects that are located in a Great Places community and the proposed project in referenced in the 28E agreement between the community and the Iowa Department of Cultural Affairs.

Building Characteristics
Category 1. Market Appeal 0 to 25 points
Projects offer amenities that enhance market appeal and promote long-term viability.

- Health and Wellness Program On-Site 0 to 10 points
- Exterior Construction: Aesthetics 0 to 6 points
- In-Unit Washer/Dryer 5 points
- In-Unit Microwave 2 points
- Energy Efficient Window Coverings 2 points

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing/orally)
In-unit washers and dryers are impractical, favor family projects, and put Affordable Assisted Living projects at a disadvantage. We suggest offering laundry service (orally stated this would be a tenant cost) as an alternative to washers and dryers in the units to obtain points in this category. Washers and dryers put excessive moisture into a small apartment, which could cause structural damage.

Microwaves can be hazardous to persons with dementia. To provide a safe environment for tenants for whom microwaves propose a hazard, the project may need to remove a microwave from the unit. How would this affect the project if it received points for this category?

John Grosenheider (oral summary)
To me it's unclear if you're going to give points for washers/dryers, I'm assuming as if those washers/dryers are free to use within their rent, in other words, included in eligible basis. Bob's alternative was a good one but the alternative was for a service that was optional so I'm not sure where you are really going there. Is it that you just have to make them available for an additional fee or must the usage of those be included in rent and in eligible basis?

Dennis Haney, Community Health Consultant for Iowans Fit for Life (submitted in writing)
This is fantastic! You captured the health and wellness concepts very well. The point system appears fairly weighted and emphasizes priorities that Iowans Fit for Life feels will make a significant impact. I fully support what you have drafted.

Renie Neuberger (submitted in writing)
Consider expanding the in-unit washer/dryer criteria to allow points for having the unit plumbed for a washer/dryer unit.

M. Pesce, Facility Strategies Group (submitted in writing)
Consider adding "ENERGY STAR labeled" to washer/dryer and microwave language.

- In-Unit ENERGY STAR labeled Washer/Dryer
- In-Unit ENERGY STAR labeled Microwave

[NOTE: I'm not sure what the "energy efficient window covers" are meant to cover. Interior blinds and drapes do keep temperatures under control. Exterior shading is better – either awnings (like used in Florida) or trees (leaves in summer block solar gain). I suggest recommending developers install trees near windows, particularly east and west facing, rather than shrubs to get the solar benefit.]

Sarah Reilly, Community Corrections Improvement Association (oral summary)
Even if you have a treadmill/misc. equipment, it's not going to be used. (Mentioned miscellaneous problems with use of the machines/center.) The money for this could be spent better in other places. I have no issues with having wellness classes (like cooking classes, teaching people how to get stuff on a decent budget that is healthy, etc).

There is very much a split personality in this QAP, kind of a push for lower income and things on that side of it, and yet there is increased operating costs that is increasing how much I have to pay on per unit operating costs, …and costs to make it look prettier, costs for a computer lab which costing me maintenance and increasing my costs, all of this stuff is edging up my rents. My rents are up about $60 from where they were last year to try and meet the requirements of the QAP. And that's a deal breaker for a lot of my tenants. I'm hearing from the people who serve these tenants already that where they're spending the $300 for 1 bedroom unit is still too much … If they can't afford to pay for the unit, none of the other stuff matters. There is a balance that needs to be able to happen and I just feel that the QAP has a focus now that wants everything to be beautiful and perfect and have all of this extra stuff and try to keep the rents low. But then you require all of this other stuff on the pro forma side that wasn't there before and keep the rents low. You can't do both and what is considered FMR & Fair Market Rate does not even come close to what is available for a low-income person…To charge $400 for a 1-bedroom unit in Cedar Rapids when you can go to a for profit and pay standard rent and get it less than that…

Kris Saddoris, Conlin Properties (submitted in writing/orally)
See comment above (is referring to comments at "Location", "Category 1") – who asked the tenants? We do survey our residents, and a health center is not something they seek, so it would not add market appeal to our units, only increase the rent to pay for it. Please allow us to creatively address this within the site plan, adding trails, stations, etc. Something the entire family could use – not just the parents. Window coverings are also not a marketing benefit in this area – hence the reason only one local DSM company uses them, as opposed to everyone.

(oral summary)
I don't see anything about security and if you look in the Des Moines Register today, that's an issue, and there is no concern in here for that at all. That's on my resident's top 10 list (i.e. of things desired).

IFA Response: No change recommended. Attachment N provides a wide variety of options for the Health and Wellness Program Onsite. Applicants may select, at the Applicant's discretion, the most feasible elements for inclusion in their project plans. As with all items in Section 6 Scoring Criteria, it is important to remember that this is an option for the Applicant and none of the Building Characteristics must be selected.

Category 2. Projects with Historical Significance 15 points
Entire Projects that are on the National Register of Historic Places or are determined eligible for the National Register by the State Historic Preservation Officer.

Kris Saddoris, Conlin Properties (submitted in writing)
Is this the best choice for limited housing dollars? This is a lot of points. Is this what the user wants?

IFA Response: No change recommended.

Category 3. Projects that are Subsidized Preservation Projects 15 points
Projects that are subsidized preservation Projects. No less than fifty percent (50%) of the units are covered by a project rental assistance contract (PRAC). The amount of the mortgage cannot exceed the mortgage amount at the time of transfer except to cover costs related to the rehabilitation of the units.

Chris Ales, Signature Holding Company (submitted in writing)
As we discussed, I would like to see scoring category #3 under Building Characteristics, "Subsidized Preservation Projects" expanded by eliminating the restriction to preservation projects. This would encourage the use of a PRAC on new construction projects, which I believe we agree can be important.

Jon Coons, Aequitas Consulting, Inc. (submitted in writing)
The last sentence of this section states that the mortgage cannot exceed the amount of the existing mortgage, excepting rehabilitation costs. Two issues are in play with this comment; the first being the impact of Federal debt and the second being realistic with the business terms of the transfer of Federally funded affordable housing projects.

If a project has a Rental Assistance/Interest Credit Agreement, either HUD or USDA RD based, placing the effective APR below the Applicable Federal Rate, the rule of the IRS is "old and cold" to defend LIHTC 9% credits on basis-qualified rehabilitation expenditures. This unaltered debt rule works well for RD 515 projects, as the typical 50-year amortization/1% interest credit of the 515 loan product has not effected very much of a reduction in principal, with works very well within the construct of LIHTC-based rehabilitation. But, in the case of HUD 221d(3), HUD 221d(4) and HUD 236 loan products, this effect is not the same.

On the HUD side of the equation, most of the projects I have reviewed for acquisition potential have much older loans with significantly less principal, and these projects categorically have a less aggressive interest credit structure, if any. In many cases, the project is better served by retiring the debt upon acquisition, even if IC is existing, rather than retaining said debt, as the benefit of retention is nullified by the high debt constant and/or low amount of the existing mortgage. In a typical transfer, the mortgage can be reamortized and/or increased, but with LIHTC involved, the modification would violate the "old and cold" rule," especially if the existing IC arrangement is below AFR. The triggering of 4% credits would cause most, if not all, LIHTC rehabilitation projects to be unable to meet the $10k threshold as required in the QAP.

The transfer of assets on Federally-funded projects, the second issue, is impeded by the lack of additional debt, as this seemingly disallows compensation to the exiting ownership entity. This has been an major issue on the National level for USDA RD over the past year, and was, in my opinion, the primary cause of the failure to meet Carryover for the Meadowbrook project.

This structure creates an insurmountable obstacle for both HUD and RD Transfers of Physical Assets, as the exiting partners will have no compensation to mitigate their negative capital accounts accrued through their ownership tenure. Although the return of and on the initial investment has typically been realized, these Partnerships have significant negative capital accounts that must be mitigated in order for the sale to proceed. The limited return of the subsidized housing does not offset the tax consequences of the sale either, as replacement, tax and insurance reserves transfer to the new ownership, unlike a sale of market rate property. Depreciation Recapture, is the primary cause of the tax issue, and seemingly, albeit ridiculous, the only tax relief available individually to the partners is the stepped-up basis via probate.

IFA Response: Change the category name to "Projects that are Subsidized Rental Assistance Projects." Remove the first line that requires the project to be a subsidized preservation project, and remove the last line that limits the amount of the mortgage to be transferred.

Category 4. Construction/Unit Characteristics	0 to 37 points
• Exterior Construction: Durability	0 to 8 points
• Insulation	0 to 6 points
• Doors	2 points
• Window Sills	2 points
• Heating System	5 points
• Central Air Conditioning System	5 points
• Community Rooms	5 points
• Main Entrance Areas (Unit Main Entrance to Interior) OR Covered Entry and Storm Door (Unit Main Entrance to Exterior)	2 points
• Storage Units	2 points

Bob Burns (oral summary)
On window sills, energy efficient window coverings (mentioned R values), somebody described them to me as a honeycomb type blind or actually blankets. I have not had a lot of experience with them but I was just thinking about the long term viability of those and how much of a maintenance problem they are going to be. And, how often are they used especially if a tenant isn't paying the utilities. I guess I just question that

Sarah Reilly, Community Corrections Improvement Association (oral summary)
(Referring to energy efficient window coverings) - …they are very nice but my question would be how much more expensive are they…if they are going to be a compliance issue and have to be replaced/repaired. (mentioned general concern)

M. Pesce, Facility Strategies Group (submitted in writing)
Consider this language/organization:

Category 4A. Construction/Unit Characteristics 0 to 21 points

- Exterior Construction: Durability 0 to 8 points
- Doors 2 points
- Window Sills 2 points
- Community Rooms 5 points
- Main Entrance Areas (Unit Main Entrance to Interior)
  OR Covered Entry and Storm Door (Unit Main Entrance to Exterior) 2 points
- Storage Units 2 points

Category 4B. Energy Efficent Construction/Unit Characteristics, 0 to 16 points

New Construction Only – Up to 16 points

(a) Completed low rise construction that certifies to EPA's ENERGY STAR Home criteria or commercial construction that exceeds ASHRAE 90.1-2004 by at least 15% shall qualify for this point category. Applications must include preliminary design specifications and a copy of a preliminary rating or compliance documentation. Supporting documentation shall be provided by the A/E of record or an independent licensed engineer. ***15 points***

(b) Install ENERGY STAR labeled furnace or boilers. ***3 points***

(c) Install ENERGY STAR labeled 14 SEER or higher air conditioning or 8.5 HSPF / 14 SEER / 11.5 EER Heat Pump. ***3 points***

(d) The exterior envelope insulation, vapor barrier, and air barriers will be specified and inspected to ENERGY STAR air barrier and insulation criteria. Attic insulation shall meet or exceed IRC-2006. The architect/engineer of record shall provide evidence of the specifications and certify proper installation. ***2 point***

(e) Reduce leakage to outdoors to less than 4 cfm per conditioned square foot AND locate 90% of ductwork in conditioned spaces or insulate unconditioned ductwork to R-6. ***3 points***

(f) Installation in all apartments five or more ENERGY STAR qualified light fixtures and/or ceiling fans equipped with light fixtures. ***2 point***

(g) Installation in all common areas ENERGY STAR qualified light fixtures with multilevel control or, as necessary, photocells, timers, or occupancy sensors ***2 point***

(h) ENERGY STAR ceiling Fans in living rooms, sunrooms and all bedrooms: (Kitchens and dining rooms not applicable) ***2 point***

(i) All windows, skylights, and sliding glass doors shall meet or exceed ENERGY STAR. Windows must have a ten-year warranty from date of delivery against breakage of the glazing panel's seal. ***2 point***

(j) Replace individual hot water heaters to exceed 0.61 EF on gas and 0.93 on electric; or as part of integrated space heating with overall efficiency of greater than 85%. Consider condensing units for building level hot water systems ***2 points***

(k) Apartment refrigerators and dishwashers installed under the project will be ENERGY STAR labeled appliances. Commercial laundry equipment shall be ENERGY STAR. ***2 point***

Rehabilitation Only – Up to 16 points

(a) Install ENERGY STAR labeled furnaces (90 AFUE or higher) or boilers (85% combustion efficiency or higher). ***3 points***

(b) Install ENERGY STAR labeled 14 SEER or higher air conditioning or 8.5 HSPF / 14 SEER / 11.5 EER Heat Pump. ***3 points***

(c) Apartment refrigerators and dishwashers installed under the project will be ENERGY STAR labeled appliances. Commercial laundry equipment shall be ENERGY STAR. ***2 point***

(d) Attic insulation shall meet or exceed IRC-2006. The architect/engineer of record shall provide evidence of the specifications and certify proper installation. ***Up to 3 points***

(e) Insulate ducts in unconditioned spaces to R-6 or better and reduce leakage to unconditioned space to <4 cfm per 100 sq ft. of conditioned apartment area ***Up to 3 point***

(f) Replace apartment lighting with five or more ENERGY STAR qualified light fixtures and/or ceiling fans equipped with light fixtures. ***2 point***

(g) Replace common area lighting with ENERGY STAR qualified light fixtures with multilevel control or, as necessary, photocells, timers, or occupancy sensors ***1 point***

(h) Replace windows, skylights, and/or sliding glass doors that meet or exceed ENERGY STAR. Windows must have a ten-year warranty from date of delivery against breakage of the glazing panel's seal. ***1 point***

(i) Replace apartment refrigerators and dishwashers with ENERGY STAR labeled appliances and install ENERGY STAR labeled commercial laundry equipment. ***1 point***

(j) Replace individual hot water heaters to exceed 0.61 EF on gas and 0.93 on electric; or as part of integrated space heating with overall efficiency of greater than 85% ***2 points***

(k) Applicants that provide with their submissions an energy audit conducted by a licensed engineer that considers all cost-effective measures with a simple payback of 20 years or less is eligible. The audit must use hourly temperature or temperature bin models, such as DOE-2, or equivalent. ***1 point***

IFA Response: No change recommended.

Category 5. Green Building

Projects that adopt the green building methods. 8 points

OR

Projects that adopt the green building methods and contract with a LEED certified architect or engineer. 10 points

Michael Bodaken, National Housing Trust Fund (submitted in writing)

Preservation is Green

State and local agencies are increasingly encouraging, and in some cases requiring, that affordable housing development proposals incorporate green building practices. The preservation of existing affordable housing is fundamentally green: rehabilitation produces less construction waste, requires fewer new materials and consumes less energy than demolition and new construction. Using green building strategies, preservation projects can deliver significant health, environmental and financial benefits to lower income families and communities, as well as developers, property managers and capital providers. Green technologies can be harnessed to promote energy and water conservation and provide operational savings through lowered utility and maintenance costs, all while providing residents with a healthier living environment (see attached brochure).

We enthusiastically support the green building incentives included in IFA's scoring criteria and commend IFA for including consideration for green building practices, healthy building materials and energy efficient design features in Iowa's QAP. However, we are concerned that using the same green criteria for both new construction and rehabilitation is an unsound policy. It is crucial to remember that the preservation of existing affordable housing is *fundamentally* green: rehabilitation produces less construction waste, requires fewer new materials, and consumes less energy than demolition and new construction. Moreover, the National Resources Defense Council has recognized, "Preservation of affordable housing is inherently energy and resource efficient."

In order to strike a balance between promoting green practices in new construction and green preservation, we believe the design standards category should be revised to provide separate scoring criteria for significant energy conservation improvements in rehabilitation and new construction properties. A number of states currently encourage environmentally friendly preservation projects by offering separate project scoring on green building selection criteria for preservation and rehabilitation proposals.*North Dakota's 2007 QAP* (www.ndhfa.state.nd.us) includes a weighting system by which preservation properties earn more points than new construction for each green criteria met. *Utah's 2008-09 draft QAP* (www.utahhousingcorp.org) requires new construction developments to meet higher energy efficiency thresholds than preservation deals. If preservation properties are able to meet these more efficient standards they receive bonus project points. *California's 2007 QAP and Regulations* (www.treasurer.ca.gov/CTCAC) provide dual standards for certain energy efficiency and building material selection criteria and provide some green project point categories for which only preservation proposals are eligible.

M. Pesce, Facility Strategies Group (submitted in writing)

Consider this language/organization:

Projects that adopt the green building methods must use an independent licensed engineer to commission and certify the measures. Up to 8 points

A. Site Sustainability (2 points)

- Implement Low Impact Development techniques
  - Erosion and Sediment Control
  - Storm water management techniques such as reducing impervious surfaces, retaining and treating storm water, improving site grading and drainage
  - Retain top soil for later reuse
- Reduce heat islands using techniques such as cool roofing (i.e., low emissive coatings and materials), vegetative roofing, and reduced asphalt surfaces
- Improved land use
  - Reduce transportation needs using techniques such as locating sites near mass transit and promoting personal transportation (i.e., add storage & bike racks)
  - Seek higher ratio of green space to developed footprint
  - Design mixed-use sites and walking communities
  - Design sites to improve home orientation, i.e., orient site for reduced solar gain and southern roof exposure
- Redevelopment of existing sites
  - Plan for urban infill or redevelopment of existing sites
  - Avoid "green field" sites, such as virgin farm land, lowland flood plains & wet lands, endangered habitat
  - Make use of Brownfield site for redevelopment

B. Water Efficiency (2 points)

- Install high efficiency products
  - Commodes with lower than 1.6 gpf, duel and ultra low flow; zero gallon urinals and commodes in offices and/or maintenance areas
  - Kitchen and bath aerators less than 1.5 gpm and showerheads less than 2.0 gpm
  - High efficiency top load or horizontal axis commercial washing machines

- Water efficient landscaping
  - Native species plants and shrubs used in landscaping
  - Design for limited or efficient irrigation
  - Reuse water systems such as on-site storm water and gray water recovery and off-site purchased gray water for irrigation

C. Resource Conservation (2 points)

- Seek locally & regionally manufactured, harvested, or assembled products to reduce transportation impact and improve local markets
  - Less than 500 miles
  - Less than 250 miles
- Reuse of materials
  - Deconstruct existing buildings and use the materials in the new site
  - Use reclaimed & reused materials, such as brick, framing lumber, recycled concrete and aggregates, recycled gypsum board, and fly ash concrete
  - Construction waste recycling, i.e., establish separate recycling bins for card board, wood, gypsum board, aggregates, and plastics
  - Gut & reuse portions of existing buildings on site
- Design for engineered materials and systems that provides reduced material for the same strength
  - In line wall framing techniques; eliminate top plates
  - Engineered lumber & truss systems, such as I-joist systems and laminated veneer lumber

- Use recycled content materials
    - Finger jointed studs and trim for non-structural work
    - Recycled content carpets & carpet padding
    - Recycled content fiberglass insulation and drywall
    - Cellulose or cotton insulation
    - Recycled content ceramic tile
- Seek long lived materials, rapidly renewable materials, and sustainably harvested materials
    - Select long lived alternatives such as brick or cement fiber siding over vinyl siding and concrete (e.g., colored or terrazzo) or linoleum over vinyl flooring;
    - Select rapidly renewable materials such as bamboo flooring, wool carpets, straw board, cotton insulation, poplar OSB, etc.
    - Select woods certified to be sustainably harvested (e.g., Forest Stewardship Council)

D. Indoor Environments (2 points)

- Install improved ventilation systems
    - Show that ventilation meets minimum code requirements and ASHRAE 62 indoor air standard
- Improve ventilation effectiveness
- Continuous ventilation over spot ventilation; seal the envelope and use controlled ventilation systems
- Install improved ventilation control systems
    - Use carbon dioxide monitoring and/or demand controlled ventilation systems
- Use healthy housing techniques
    - Reduced construction dust on sub floors, duct work, and surfaces
    - Design for improved control of insects
    - Use less carpet, design for mud rooms and entry pads
    - Design overhangs for storm water control
    - Design moisture control such as foundation drainage and waterproofing systems
- Low emitting materials and paints
    - Use no or low VOC paints and materials
    - Use no or low formaldehyde, arsenic, and other toxic chemicals in building materials such as cabinets and synthetic trim

Kris Saddoris, Conlin Properties (submitted in writing/orally)
IFA is a leader nationally in Green Building, but needs to continue to expand that leadership. What about operations? If these buildings are built green, but not operated Green, you will quickly wipe out the benefits gained during construction. How about some points for creative Green Operation plans? Tenant education?

IFA Response: No change recommended. IFA will consider adopting Energy Star Certification in lieu of, or in addition to, Green Building in the future.

Category 6. Fully Handicapped Accessible 5 points
One hundred percent (100%) of the Low-Income Units are fully Handicapped Accessible.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing/orally)
Five points doesn't seem to be a large enough incentive to encourage developers to build projects that comply with ADA accessibility regulations. A higher number would seem more appropriate.

(oral summary)

Good suggestion but it is going to be an expensive standard to meet. Wonder why only 5 points when you think of a window sill getting 2 points, and storage getting 2 points. It's a big step and I'm not sure 5 points will encourage enough people to do it.

Sarah Reilly, Community Corrections Improvement Association (oral summary)
I think its needs to be clear what is required here. (Mark Thompson of IFA referred to QAP Definition 31, Handicapped Accessible.)

Handicap Accessibility is a problem for children so they won't be beneficial to a family project…especially since they can reach the appliances and where the knobs are…That has to be balanced.

Kris Saddoris, Conlin Properties (submitted in writing)
What percentage of 100% units in IA are currently occupied by residents needing the changes? What changes do those residents actually want – everything you are requiring? I think a 100% requirement benefits special needs populations – not the overall market. We have less than 5% of our accessible units now occupied by residents that require the accessibility.

(oral summary)
Would like some basic guidelines for what is required.

IFA Comment: No change recommended.

Other
Category 1. Title Guaranty 5 points
As part of the Carryover Application Package, the Applicant commits to providing adequate evidence of marketable title by providing written documentation that the Ownership Entity is using or intends to use the Title Guaranty Division.

Jon Coons, Aequitas Consulting, Inc. (submitted in writing)
I would like to utilize IFA's Title Guaranty division, but the requirements of the construction/perm lender's is that the selected title company for the Builder's/Owner's Policies have the capacity to issue disbursement of funds, as well as review and confirm ALTA certifications. Although I realize these items are beyond proof of marketable title, they are typical requirements from a lender's perspective. Additionally, depending on funding sources, the title insurance provider may be required to be Fannie Mae and/or Freddie Mac approved for the title guarantee to be useable. IFA's Title Guarantee would need to offer these additional services to compete in the market. Otherwise the dollars spent with IFA's Title Guarantee will be wasted to simply increase the project scoring, as another provider will have to be utilized to satisfy the lender requirements.

Kris Saddoris, Conlin Properties (submitted in writing/orally)
Can you legally do this in IA? I think this is called a Tying Arrangement.

I think they do a great job, but they should be able to attract users by providing superior service, as opposed to IFA's hammer.

Jeffrey Voorhees, National Consulting Alliance, Inc. (submitted in writing)
The following comment is not specific to RD properties but could be a significant problem for all projects. You are requiring the use of IFA's Title Guarantee program. Unless IFA is prepared to provide

date down endorsements and other issues during the construction process, it is doubtful that most syndicators or out of state lenders would accept IFA's title guarantees. I would hope you would eliminate this requirement.

IFA Response: No change recommended. It is important to remember that this is an option for the Applicant.

6.1 Selection Criteria. Applications will be evaluated using the preference and selection criteria required in IRC Section 42. Aggregate rankings or scoring will in no way guarantee an award of Tax Credits to a particular Applicant. During Application review and throughout the Allocation process, IFA will utilize its sound and reasonable judgment and will exercise its discretion consistent with sensible and fair business practices. IFA reserves the right not to reserve Tax Credits to any Applicant of a Project, regardless of the proposal's aggregate scoring or ranking. Certain selection criteria are subject to compliance monitoring and will be incorporated into the LURA and will be binding for the length of the LURA or any renewal thereof.

IFA reserves the right to limit the reservation of Tax Credits to: 144 units in Polk County; 96 units in all other Iowa MSA central counties (Black Hawk, Dubuque, Johnson, Linn, Pottawattamie, Scott, Story, and Woodbury), and 48 units for all other counties except the non-central counties in an MSA which will be limited to a combined 48 units, unless IFA determines, using its sound and reasonable judgment, to award Tax Credits for a greater number of units.

Awards for the Serviced Enriched, Affordable Assisted Living, Affordable Preservation and Underserved Area Set-Asides will be made followed by the federally mandated Nonprofit Set-Aside. If there are insufficient Nonprofit Projects to fulfill the requirements of Section 42, Nonprofits awarded in the Serviced Enriched, Affordable Assisted Living, Affordable Preservation and Underserved Area Set-Asides will be counted to meet the Section 42 requirements.

Jeffrey Voorhees, National Consulting Alliance, Inc. (submitted in writing)
…I have noted several items in the QAP that would make it very difficult if not impossible to use the tax credit program with RD properties…:

PROBLEM: Selection Criteria, paragraph 6.1: This limits the number of tax credit units to 48 unit per county for rural counties that are not adjacent to an MSA. There are many RD properties that need to be preserves with the use of LIHTC that have more than 48 units in the project. (an example is Clarke Community Housing in Osceola that has 90 elderly units). I am sure this requirement is meant to spread tax credits throughout the State to the maximum extent possible. However, you may have 48 new construction units qualifying for as much as $600,000 in credits, but a rehabbed 90 unit RD property may only need $300,000 in credits.

> SOLUTION: Eliminate the maximum number of units in any rural county. Market need and economics will automatically assure diversifying allocation of credits in rural areas.

IFA Response: There is no change in the allowable MSA limits from the 2007 QAP. No change recommended.

6.2 Tie Breaking Procedure. A tie breaking procedure will apply in the event that a Project accumulates an equal number of points with another Project(s) and only a limited number of the Projects are eligible to receive a reservation under the remaining amount of State Ceiling. Under this circumstance, the Project that is located in the community with the greatest demand for the proposed Project, at the sole discretion of IFA, will be selected.

Dan Garrett, Midwest Housing Equity Group (submitted in writing)
The only comment I would have the proposed QAP is that in the case of a tie with any two or more projects, that the tie breaker would be the developer with the following:

1. Most tax credit experience;
2. Current portfolio performance, using IFA numbers on tax credit projections.

We want quality projects, and I definitely don't want a flip of the coin to decide whether or not a good project gets done. The only caveat I would put on this scenario is that if a qualified developer has been awarded three or more projects that these criteria can not apply. At this point, it becomes an issue of the ability to complete the project *(I would use the example of when listing a house you have a qualified real estate agent with ten listings versus a newer agent with none. Who will work harder to get your house sold?)*

Now I asked my developers for comments to the issue of how best to break the tie and here are what they said; I really like the response I got from Developer One:

Developer One –

To answer this question I think the Authority needs to keep in mind the purpose of Sec 42. I believe the purpose is to promote development of affordable, quality housing for those who need it.

How do you provide the best product, get the product to those who will benefit most, and maintain the product?

With that in mind, I think a tie could be broken by answering these questions:

1. Which community (project location) needs the LIHTC project most?
2. Which community has the best capture rate?
3. Which developer has the best performance and compliance history?

Measuring the answer in some sort of quantifiable (legally justifiable) way for the 2008 QAP will be difficult.

Developer Two –

Now, I do not like tiebreakers. But, lower rents is usually a good tiebreaker as that is supported by an IRS mandate; the least credits per housing unit is often used (this works against senior housing with all the extra amenities we try to include in the building) Also, it is somewhat counter productive. When IFA encourages increased costs (brick siding, energy efficiency, computer rooms, etc.,) for the building; they should not then use those increased costs as a reason to deny the application.

I don't like giving points to experiences developers, certainly not as a tiebreaker. Include experience as a scoring category if it is important.

If an item is sufficiently important to be used as a "tie-breaker" it should be sufficiently important to be included in the competitive scoring category.

Developer Three –

I would be ok with the discretion of the Authority. I may not have always liked their decisions, but I believe they have been reasonable.

<u>Doug LaBounty, Community Housing Initiatives</u> (submitted in writing)
Tie-breaking procedures that please everyone are not possible. However, we do think that developer experience should be considered in addition to demand.

IFA Response: Recommend the tie-breaker criteria be expanded in response to comments received from developers that the scoring criteria may result in additional ties. The proposed items are (additions underlined):

> *"A tie breaking procedure will apply in the event that a Project accumulates an equal number of points with another Project(s) and only a limited number of the Projects are eligible to receive a reservation under the remaining amount of State Ceiling. Under this circumstance, the Project that <u>meets the following criteria shall be selected:</u>*
>
> 1. *<u>The Project is located in an Underserved Area, as defined in Section 2.2.4.</u>*
> 2. *<u>The Project requesting the least amount of Tax Credits per Project based on the IFA's equity needs analysis.</u>*
> 3. *<u>The Project with the Developer or Consultant that is receiving the lowest percentage of Tax Credits, as defined in Section 2.3 Tax Credit Cap for Single Developer.</u>*
> 4. *The Project is located in the community with the greatest demand for the proposed Project, at the sole discretion of IFA."*

6.3 Discretion by the Board. Irrespective of scoring, including a tie in the scoring, the Board may determine that:

> **6.3.1** A Project shall receive a lower amount of Tax Credit than has been requested if the Project would otherwise have been awarded Tax Credit but there is an insufficient amount of Tax Credit ceiling available to fully reserve the amount of the Tax Credit requested. The Board may award the amount of the remaining State Ceiling to the Project if the amount available is ninety percent (90%) of the underwritten Tax Credit amount. If the Applicant decides to accept the partial tender of Tax Credit, the Applicant will agree to accept the amount in full and will not request to be placed on the waiting list for additional Tax Credits unless Section 6.3.2 applies. The Applicant can request reasonable revisions to approved Application in order to address the shortfall of ten percent (10%) of the Tax Credits. IFA, in its sole discretion, can approve or deny the revision request, or may propose alternative revision(s).
>
> If the Applicant declines to accept the offer of partial tender, or the amount of remaining Tax Credits is less than ninety percent (90%) of the underwritten Tax Credit amount, then to maximize the use of the available Tax Credits, IFA at its sole discretion, may make an offer to the next highest Project whose underwritten Tax Credit amount is eligible for a full award or partial tender of Tax Credits, pursuant to this Section.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing/orally)
The way this section is written provides a disparate impact on large projects. The number of credits that would comprise 90% of a 50-unit project is much more than the number of credits that would comprise the same share for a 20-30-unit project (approximately 630,000 v. 315,000 credits, respectively). Consequently, the smaller project would have a better chance of reaching the arbitrary 90% mark specified in the QAP.

Instead of using an arbitrary cut-off point, the developer should have the opportunity to scale back the project proportionately and make the determination if the project can move forward with the amount of credit that is offered, no matter what percent it represents of the original project.

Consider reinstating an option to be placed on a waiting list for full funding. It would be fair to allow the next highest scoring application to have an opportunity for full funding. If it were known at the time of funding tax credits that a project would not achieve carryover, for whatever reason, the next project on the scoring rank master would have been funded.

IFA Response: No change recommended.

6.3.2 Acquisition/Rehabilitation, Preservation, Adaptive Reuse or Historic Preservation Projects may apply for additional Tax Credits if Project costs exceed original cost estimates including contingency fund. A contingency fund of up to ten percent (10%) must be included in all Acquisition/Rehabilitation, Preservation or Historic Preservation Projects. Additional Tax Credits may be granted by the Board, if excess Tax Credits are available after the Carryover Allocation Agreement is complete. The amount of contingency funds in the original Application may be taken into consideration when awarding additional Tax Credits. No additional Developer's fee or Consultant Fee will be allowed under this section.

IFA Response: Change the contingency fund from 10% to 15% to match Section 4.8.2.

6.3.3 A Project satisfies the preferences described in Iowa Code Section 16.4.

6.3.3.1 If the State Ceiling is not fully utilized in any year because of HOME funds being exhausted, the Board may offer Tax Credits to Projects (after the initial ranking and awarding of Tax Credits) in rank order who may find an alternative source (or sources) of funds with similar financing terms. Projects offered Tax Credits must inform IFA of the new funding source (or sources) within 30 days of offer. These Projects will be subject to the same Carryover requirements of other Projects awarded in that year.

6.3.4 A Project may not be awarded Tax Credits for any of the reasons described in this Section. In the event IFA elects not to award Tax Credits to a Project for the reasons identified herein, the Board will identify the primary reasons a Project was not funded.

6.3.4.1 The Project is not needed in the community for which it has been proposed. The Board may consider the Market Study, any independent information IFA has obtained, including but not limited to, vacancy rate and rents in the market and affordable or subsidized housing projects, or population trends in the area.

6.3.4.2 The Project is not preferred by other Governmental Entities. IFA may consider city council resolutions. IFA may also consider whether funding commitments made by other Governmental Entities have been received by a Project.

SECTION 7. NOTICE OF THE TAX CREDIT AWARD

7.1 Tax Credit Calculation and Reservation. IFA will reserve the calculated Tax Credit amount after the development has received market approval, received financial feasibility and site approval, achieved sufficient scoring rank, has successfully submitted all requested additional documentation, and paid all fees. IFA determines the amount of Tax Credits reserved through information received and the amount requested in the Threshold Application. The actual reservation amount may not equal the dollar amount requested in the Threshold Application. The Code requires that IFA determine that "the housing Credit dollar amount allocated to the development does not exceed the amount the Housing Credit Agency determines is necessary for the financial feasibility of the development and its viability as a qualified low-income housing project through the Credit period." In making this determination, IFA will consider, but is not limited to, the following:

- The sources and uses of funds and the total financing planned for the development;
- Any proceeds or receipts expected to be generated by tax benefits;
- Percentage of the housing Tax Credit dollar amount used for development;
- The reasonableness of operating expenses, rent and vacancy assumptions, and proposed debt service coverage, the development and operational costs of the proposed development;
- An analysis of the appropriate Tax Credit amount based on an "equity gap" model;
- An analysis of the appropriate Tax Credit amount based on an Eligible Basis calculation;
- An analysis of the appropriate Tax Credit amount based on the Cost Cap calculation;
- The score derived from the criteria set forth in Section 6, Scoring Criteria, and the Project's assigned rank against the other competitive Applicants; and
- The selection of Projects that meet the requirements of Section 2.2 Set-Asides.

7.2 Special Considerations for Projects Located in a Qualified Census Tract. The Code allows the possibility of receiving a Tax Credit Reservation equal to one hundred thirty percent (130%) of qualified expenditures. The increased basis is allowed in areas defined by HUD as "qualified census tracts" (QCT) or "difficult development areas" (DDA). There are currently no HUD designated DDAs in Iowa. Applicants may request the higher basis, but IFA reserves the right to determine the Tax Credit Allocation amount required for feasible development. A map of the census tract showing the Project location must be submitted with the Threshold Application. The 2008 LIHTC Application will provide a list of Qualified Census Tracts.

> **7.2.1 Community Service Facility.** Tax Credit may be awarded to that portion of the building used as a Community Service Facility not in excess of ten percent (10%) of the total Eligible Basis, if the building is located within a Qualified Census Tract. "Community Service Facility" may include childcare, workforce development, healthcare, etc., and must be designed primarily to serve individuals whose income is sixty percent (60%) or less of AMGI.

7.3 Written Notice of Tax Credit Reservation. Once IFA has reserved Tax Credits, a written notice of Tax Credit Reservation shall be faxed and mailed to all approved Applicants. The effective date of the award will coincide with the date of the written notice, unless a conditional award was made under the Affordable Preservation Set-Aside. The unsuccessful Applicant shall be notified by fax and by mail that IFA did not select their Project, including an explanation as to why IFA did not select the Project.

An Applicant may not transfer Tax Credit to another development or another development site. IFA will not allow changes to the development that affect scoring after the reservation letter has been issued without its written approval. All developments receiving a reservation of Tax Credit will be required to erect an IFA construction sign meeting specifications outlined in the 2008 LIHTC Application.

7.4 Second and Third Application, and Credit Allocation. Federal law requires that IFA evaluate the Application three times: 1) At initial Application, 2) at Carryover Allocation/post-reservation Application, and 3) At the time the building(s) is (are) placed in service. On each occasion, the Applicant must submit a complete Tax Credit Application including a financial feasibility threshold test and certify to all Federal, State and local subsidies expected to be available to the development. The process requires that applicants provide detailed and accurate information concerning all development costs at each evaluation. Applicants with Reservations will be subject to cancellation of the Reservation if they are unable to provide IFA with satisfactory evidence of progress toward timely completion of the proposed development, or if there are significant changes to the proposed development from the approved Application.

7.4.1 Second Application for Carryover Agreement. All Applicants requesting a Carryover Allocation must submit all items described in IFA's current Carryover Application Package. A valid Carryover Allocation Agreement requires that the taxpayer incur costs that exceed ten percent (10%) of the taxpayer's "reasonably expected basis" or total development cost by no later than a) December 31, 2008, or b) six months after the date the Carryover Allocation is issued. All Ownership Entities requesting a Carryover Allocation must submit all items described in IFA's current Carryover Application Package.

Kris Saddoris, Conlin Properties (submitted in writing)
I think the 4th "Carryover Allocation" is wrong.

IFA Response: Corrected language on 10% costs and clarified that b) six months after the date the Reservation (replaces Carryover Allocation) is made applies only in the case of the Affordable Preservation Set-Aside.

7.4.1.1 Marketable Title Requirement. As part of the Carryover Application Package, the Ownership Entity must provide adequate evidence that the Ownership Entity's title in the real estate on which the Project is to be located is a marketable title pursuant to Iowa Land Title Examination Standards, or other applicable law. Adequate evidence of marketable title is demonstrated by either: 1) a title opinion of an attorney authorized to practice law in Iowa showing marketable title in the Ownership Entity, or 2) a title guaranty certificate issued by the Title Guaranty Division of IFA showing the Ownership Entity as the guaranteed.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Evidence of title is not consistent with Appendix 1, Section A, Site Control, which allows for leased land.

IFA Response: Add language that provides for a provision of a recorded lease in lieu of marketable title.

7.4.1.2 Legal Ownership Entity. Unless the Applicant, under the Nonprofit Set-aside, has previously formed a legal ownership entity, the Ownership Entity must be formed prior to submission of the Carryover Application Package for the awarded Project.

Terry Vestal, Iowa Dept. of Economic Development (submitted in writing)

Section 5.2 and Section 7.4.1.2 – Legal Ownership Entity – The IDED needs to have the legal ownership entity formed prior to application submission, all applicants for HOME funds.

IFA Response: Delete Section 7.4.1.2. The Ownership Entity must now be formed prior to submission of the Threshold Application.

7.4.2 Initiation of Construction. Developments receiving Carryover Allocations must begin construction within 18 months from reservation. The Carryover Agreement will be void unless and extension has been approved by IFA. If the Ownership Entity does not comply with this requirement, IFA reserves the right to revoke the Tax Credit Allocation.

Kris Saddoris, Conlin Properties (submitted in writing)
I think 'reservation" should be a defined term. "And" should be "an". The word "Allocation" should be "Reservation".

IFA Response: Made correction in language. Reservation and allocation are defined in Glossary under "Tax Credit Allocation or Reservation."

7.4.3 Third Application for IRS Form 8609. The third and final review is conducted after the development has been placed in service. IFA will again review financial feasibility, revised costs, and the equity requirement based on information provided by the Applicant in a third updated Application to determine the appropriate amount of Tax Credit to be allocated. All Ownership Entities requesting an IRS Form 8609 allocation must submit all items described in IFA's current Form 8609 request package.

7.4.4 IFA Discretion. If IFA, at any time, has reason to believe that the development: 1) will not be placed in service in a timely fashion, 2) fails to comply with the requirements for a Carryover Allocation, 3) is not in compliance with Section 42 of the Code, or 4) that the Application contains misrepresentations, IFA may revoke the Tax Credit Allocation.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Provide for IFA to substitute a new General Partner

IFA Response: No change recommended.

SECTION 8. POST RESERVATION REQUIREMENTS

Once a Tax Credit Reservation has been awarded, the following additional requirements will apply. Failure to comply with any provision of this Section may result in the revocation of the Tax Credit Reservation, denial of the Carryover Allocation, issuance of Form 8609 or the issuance of Form 8823.

8.1 Construction. Construction must begin on a Project within 18 months from reservation date.

Kris Saddoris, Conlin Properties (submitted in writing)
Reservation Date should be a defined term.

IFA Response: No change recommended.

8.1.1 IFA may periodically request a status report on the Project's construction timeline.

8.2 Amendments to the Application after Award. The Ownership Entity may amend, with IFA's consent, the Application after a reservation of Tax Credits is made solely for the purpose of showing changes as described in this Section.

8.2.1 Sources and uses of funds that do not increase the amount of Tax Credits awarded.

8.2.2 A minor change in the nature of the Project or changes in partnership members, shareholders, or limited liability members.

8.2.3 Changes to the equity investors, syndicator or equity partner.

Doug LaBounty, Community Housing Initiatives (submitted in writing)
It is very routine to re-obtain equity quotes from syndicators if a project successfully obtains credits. Is IFA's consent really necessary in order to change equity investors/syndicators required?

Sarah Reilly, Community Corrections Improvement Association (submitted in writing)
Why is IFA's consent to change syndicators required? It is common practice to obtain additional equity quotes from syndicators if a project successfully obtains credits. Also, there are many variables involved in the due diligence process that may bring to light incompatibilities with an investor. This requirement will make it easier for syndicators to push issues that may not be in the best interest of a project because they know that their interest is being protected by IFA.

IFA Response: Recommend striking Section 8.3.2.

8.2.4 Site changes that are equal to or exceed the site characteristics of the site first described in the Application. A site change will be permitted only if in IFA's sole discretion the substituted site does not reduce the number of points awarded during the evaluation process and it is within the same city.

8.3 Material Changes. If, upon the submission of the Carryover Application or the Form 8609 Application, or at any other time, it is determined that the Project is not substantially the same as the Project described in the Application, the Project will not receive an allocation of Tax Credit Reservation, or the amount of the Tax Credit will be adjusted or an IRS form 8823 will be issued. It is expected that the Projects will be the same as were originally scored under this QAP.

8.3.1 Generally, changes in the total number of Tax Credit units, number of bedrooms per unit mix, Special Needs targeting, and tenant mix (low-income/market rate), are deemed to be material, and are not permitted.

8.3.2 Changes in the number of buildings and units contained in each building will be allowed if changes are required by local regulatory codes and the Applicant has obtained written approval from IFA prior to making the changes.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Consider allowing changes in the number of buildings and units in each building for "other good reasons." For example, 6.3.1 would allow for change in size.

IFA Response: No change recommended.

8.3.3 Failure to notify IFA of a material change will result in the revocation of the Tax Credit Reservation or the issuance of Form 8823.

8.4 Transfers. Tax Credit Reservation and Carryover Allocations are not transferable. Form 8609 allocations will be issued only in the name of the Ownership Entity named in the Application. Transfers subsequent to the issuance of the Form 8609 allocation are subject to the LURA and to the provisions of Sections 42(d)(7) and 42(j) of the Code.

8.5 Return of Tax Credit. Allocations of Tax Credit may only be returned in accordance with applicable U.S. Treasury Regulations on a date agreed upon by IFA and the Ownership Entity or in accordance with the provisions of Section 6.2.5.

8.6 Agreement with PHA. The Ownership Entity must have a written agreement with the PHA, in the form provided by IFA, and signed by both the Ownership Entity and the PHA, and this agreement must be included in the Form 8609 Application Package.

8.7 Form 8609. All Applicants requesting an IRS Form 8609 allocation must submit all items described in IFA's current Form 8609 request package.

8.8 Change in General Partner, Majority Shareholder or Managing Member. In the event there is a proposed change in a general partner, majority shareholder of a corporation or majority membership of a limited liability company after an allocation of Tax Credits has been made, IFA shall be notified by the partnership, corporation or limited liability company to obtain approval prior to the effective date of such change. The new general partner or new majority shareholder shall agree to meet the requirements described in the QAP before IFA shall consent to the change. If the requirements outlined in the QAP are not met, the request for transfer may not be approved. If IFA is not notified of a change in the general partner, IFA may issue a Form 8823.

Kris Saddoris, Conlin Properties (submitted in writing)
The word "not" should be in the last sentence.

IFA Response: No change recommended.

PART B – REQUIREMENTS FOR 4% TAX CREDITS WITH TAX-EXEMPT BONDS

SECTION 9. TAX-EXEMPT BOND FINANCED PROJECTS CREDIT RESERVATION AND ALLOCATION PROCESS

Under IRC Section 42(h)(4), Projects financed with tax-exempt bonds may be entitled to thirty percent (30%) present value Tax Credits not subject to the State Ceiling and without the need to participate in the competitive round. The requirements for a Project using tax-exempt bond financing are as follows:

Kris Saddoris, Conlin Properties (submitted in writing)
Nice add to the QAP. It needs general timeframes throughout. As a recent user of the bond program, understanding when items were required by staff was challenging.

9.1. Private Activity Bond Cap. The bonds to finance the Project must have received an allocation of private activity bond cap pursuant to IRC Section 146 and Iowa Code Chapter 7C. Additionally, principal payments on the bonds must be applied within a reasonable period to redeem the bonds. Tax Credits are allowed for that portion of a Project's Eligible Basis that is financed with the tax-exempt bonds. If fifty percent (50%) or more of a Project's aggregate basis (land and building) is so financed, the Project is entitled to Tax Credits for up to the full amount of Eligible Basis.

9.2 Allocation Through IFA. Projects financed with tax-exempt bonds are required to apply to IFA for an allocation and for a determination that the Project satisfies the requirements of the QAP. If the Project is a HUD/FHA insured mortgage through HUD's multifamily accelerated processing (MAP), IFA will accept the underwriting and market study information conducted by the MAP lender.

IFA Response: Remove language specifying accepting of MAP lender underwriting and market study information, and add language stating that IFA may accept the underwriting and market study information from a Federal lending program or lending program available through Fannie Mae or Freddie Mac.

9.3 Application Criteria. Except as provided in this section, a Project using tax-exempt financing must satisfy all of the underwriting and threshold requirements stated in Part B, Part C, Terms and Conditions, and Appendix 1, Threshold Requirements for Building, Construction, Site, and Rehabilitation to be considered for Tax Credits. A market study is required to be submitted by a disinterested third party analyst. The Ownership Entity must fulfill all post award requirements and must keep the Project in compliance for the Compliance Period. The Project will be subject to the compliance monitoring requirements of Section 13.25.

All of the Low-Income Units shall be generally distributed in terms of location and number of bedrooms throughout the Project. The Low-Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants.

David Grossklaus, Dorsey & Whitney LLP
This section addresses generally issues which seem very problematic. The underwriting generally as set forth in the Plan is incredibly burdensome and in numerous instances, runs contrary to the notion that 4% tax credit bond transactions are underwritten and sold by investment banks generally to bondholders. Numerous of the underwriting covenants set forth at Section 10 do not meet tax-exempt bond financing requirements.

IFA Response: Pursuant to Section 42(m), the IRS requires IFA to both underwrite the 4% credit applications and to provide assurances that the proposals meet the IRS requirements for LIHTC.

9.4 Application Process. Applicant may submit an Application at any time in accordance with the following process.

9.4.1 The Applicant must submit a request for Tax Credits to IFA after the issuer of the bonds has approved an "inducement" resolution for the Project and after the Project has been assured that state private activity bond cap is available. If the Project is seeking mortgage insurance through the Federal Housing Administration (FHA), or credit enhancement from another source, the Applicant should submit the request to IFA after the FHA or the credit enhancer has approved a preliminary mortgage amount.

David Grossklaus, Dorsey & Whitney LLP
I am concerned that the condensed timing between the application for tax credits, receipt of bond allocation cap and the requirement of Chapter 7C (that bond projects be financed within 75 days of receipt of allocation cap), creates a time limit which is simply unattainable. I believe it would be helpful to allow an applicant to submit a request for tax credits at any time or at least so long as a borrower has provided materials to a prospective issuer requesting the commencement of the process for the issuer to consider an inducement resolution.

IFA Response: Strike the language, "and after the Project has been assured that state private activity bond cap is available." The Applicant may submit a 4% LIHTC application anytime after the inducement resolution for the project has been approved.

9.4.2 The Tax Credit request must be submitted in accordance with the QAP and Application that is in effect at the time of the request. These QAP and Application requirements, including fees, will also be used in the Form 8609 Application process.

9.4.3 IFA will review the Application, determine whether the Project is eligible and meets the requirements of the QAP, and make an initial determination of the Project's Tax Credit amount.

9.4.4 If the Project loan will be FHA-insured, IFA will complete a HUD-required subsidy-layering review to assure that the Project complies with HUD guidelines pursuant to Section 911 of the 1992 Housing and Community Development Act (combining Tax Credits with HUD assistance).

9.4.5 After satisfactory review and if a Project satisfies the QAP requirements, IFA will provide the Applicant and the bond issuer with a letter confirming that the Project satisfies the requirements of the QAP and stating the preliminary amount of Tax Credits for the Project. At the time the letter is sent, IFA will request that the issuer confirm IFA's determination of the Tax Credit amount. In the event IFA is the issuer, its own calculations shall be deemed sufficient to fulfill this requirement.

Kris Saddoris, Conlin Properties (submitted in writing)
42m should be in the second sentence.

IFA Response: Add the 42(m) reference to the "letter" in the second to the last sentence.

9.4.6 The Applicable Percentage is established at either the month in which the building is placed in service, or at the Ownership Entity's election, the month in which the bonds are issued. If the latter is desired, the election statement must be signed by the Ownership Entity, notarized and submitted to IFA before the close of the fifth calendar day following the month in which the bonds are issued.

9.4.7 In the year in which the Project is placed in service, the Ownership Entity must request a final allocation of Tax Credits in accordance with deadlines posted on IFA's website. IFA will provide a Form 8609 Application Package for final allocation requests. The Ownership Entity will be governed by the same deadlines required of other Tax Credit recipients.

IFA Response: Remove the last line in the paragraph, starting with, The Ownership Entity . . ."

9.4.8 Tax-exempt Projects are required to enter into a LURA for either a 15- or 30-year period, which will govern the low-income use and any other QAP requirements, and to follow the same final allocation Application process as Projects awarded Tax Credits in the competitive round.

David Grossklaus, Dorsey & Whitney LLP

While I am not familiar with a tax credit requirement that would require a LURA to be in place for either fifteen or thirty years, such a requirement does not comport with the tax-exempt bond requirement restrictions on the eligible period. For instance, most bond transactions would be financed for a twenty year period and it seems more appropriate to have the tax credit and tax-exempt eligible requirement periods mirror each other.

IFA Response: Pursuant to Section 42(h)(6), the IRS requires that the Project be used for affordable housing for the required 15-year Compliance Period and the required 15-year extended Compliance Period. Strike the 15 year option.

9.4.9 Special Considerations for Projects Located in a Qualified Census Tract. The Code allows the possibility of receiving a Tax Credit Reservation equal to one hundred thirty percent (130%) of qualified expenditures. The increased basis is allowed in areas defined by HUD as "qualified census tracts" (QCT) or "difficult development areas" (DDA). There are currently no HUD designated DDAs in Iowa. Applicants may request the higher basis, but IFA reserves the right to determine the Tax Credit Allocation amount required for feasible development. A map of the census tract showing the Project location must be submitted with the Application for Tax Credit. The 2008 LIHTC Application will provide a list of Qualified Census Tracts.

9.4.9.1 Community Service Facility. Tax Credit may be awarded to that portion of the building used as a Community Service Facility not in excess of ten percent (10%) of the total Eligible Basis, if the building is located within a Qualified Census Tract. "Community Service Facility" may include childcare, workforce development, healthcare, etc., and must be designed primarily to serve individuals whose income is sixty percent (60%) or less of AMGI.

9.4.10 Site Visits. IFA will make site visits as it deems necessary to review proposed Project sites and verify any of the information provided by the Applicant in the Application. Applicants may or may not be notified of a site visit. If deemed necessary by IFA, Applicants shall provide building access for inspection by Evaluators to, among other things, confirm basic structural soundness.

9.4.11 Tax Authorization Form. The Application must include an executed IRS Form 8821, Tax Information Authorization Form, for each Developer for sharing of information between IFA and the IRS. The Form 8821 must be provided to IFA with the Application, at the time the Project is placed in service and annually during the Compliance Period.

9.4.12 Fees. IFA shall collect the fees described below for the LIHTC Program. Checks for the fees must be made payable to the Iowa Finance Authority. An Application shall not be accepted unless the Application fee accompanies the Application. The reservation fee will be due within 10 business days after the date of the Tax Credit Reservation letter. If the reservation fee is not received, IFA may withdraw the reservation of Tax Credits from the Applicant. IFA will not issue a Form 8609 until the compliance monitoring fee is paid in full. All fees are nonrefundable, except if the Applicant withdraws the Application within three business days of receipt by IFA, the Application fee will be reimbursed.

Fee Type	All Applicants
Threshold Application Fee	$1,000
Reservation Fee	1% of the total 10-year Tax Credit amount
Compliance Monitoring	$18 per unit, per year x total Compliance Period (Example: $18 per unit x 24-unit Project x 30 year total Compliance Period = $12,960 paid in full prior to issuance of 8609) Other fees as provided in the Compliance Manual

9.4.13 Discretion by the Board. The Board in its discretion, may determine whether to award Tax Credits to a Project using tax-exempt financing and applying for Tax Credits pursuant to the QAP.

SECTION 10. UNDERWRITING

David Grossklaus, Dorsey & Whitney LLP
As a general matter, I am concerned the Plan has overreaching underwriting and other documentation requirements which practically cannot be met in conjunction with the deadlines set forth for the receipt of allocation cap (which must be received prior to the tax-exempt bond financing) and which will have the affect of placing great burdens on the staff of the Authority…..

IFA Response: The change to Section 9.4.1. should reduce the timing burden for the developer and the staff.

The Application will require the Applicant to demonstrate that the Project is financially feasible and viable using the least amount of Tax Credit. Underwriting will be completed by IFA during the review of the Threshold Application. IFA may adjust the amount of Tax Credit based upon the underwriting. Underwriting shall be completed for a Project prior to the time a reservation is awarded and before a Form 8609 is issued. The pro forma cash flow is part of the Application. If a gap in financing is discovered after underwriting the Project, the gap may be filled from the Developer's fee if the fee is sufficient. No other fee will be used to fill a gap in financing.

The Application will require the Applicant to supply sufficient information to allow IFA to determine whether the Project is financially feasible during the construction phase and the operational phase of the Project. The Application will require the Applicant to provide information regarding loans, grants, equity contributions, the anticipated value received from syndicators, equity partners or private funding sources for the Tax Credits, Property tax abatements, tax increment financing, enterprise zone benefits and any other type of financing or contributions that are relevant to the economic feasibility of the Project and are available to the Project. State Historic Tax Credits (SHTCs) may be used provided that the Applicant can demonstrate that equity received from these credits will be received prior to the issuance of the Form 8609. SHTCs may not be used in underwriting if a gap in financing would exist beyond the the issuance of Form 8609.

The following minimum financial underwriting requirements apply to all Projects. Projects that cannot meet the minimum requirements, as determined by IFA, will not receive Tax Credits.

David Grossklaus, Dorsey & Whitney LLP
Demonstrating that a project is financially feasible and requiring a full underwriting by the Authority seems to be both a review that is inadvisable and unnecessary. A tax-exempt bond finance project will undergo underwriting scrutiny at numerous levels that will be far more burdensome to the borrower. Prior to the issuance of the bonds, the borrower would be required to undergo underwriting by a bank or investment bank that would be preparing to sell bonds and by the ultimate purchasers of the bonds themselves. I would submit to the Authority the bond market and the processes resulting therefrom require a much more rigorous underwriting as those entities are actually putting money into the project.

Furthermore, a full underwriting by the Authority fails to recognize the key difference between 9% tax credits and a 4% tax credit financing. One of the very reasons that a 4% tax credit finance transaction is not reviewed on a competitive basis is because 4% tax credits are simply an added benefit to the use of tax-exempt bond financing. There are no competitive limitations on 4% tax credits, other than the limitation that all 4% credit financings must have been financed with the use of tax-exempt bond proceeds and resulting therefrom, allocation cap. The Authority does not put money into a 4% tax credit finance project, and, thus, for the Authority to undergo an underwriting seems at odds with the theory of 4% tax credits. An exhaustive and extensive underwriting by the Authority is very appropriate for a 9% tax credit financing. However, to require such an underwriting of a 4% tax credit bond finance project that has already undergone such a process with request to the bond financing would appear to be burdensome and inefficient.

Similarly, the underwriting standards pursuant to Section 10 are not legal requirements of which I am aware. As an example, Section 10.1.3 is not a bond market and debt service coverage ratio. I would submit that debt service coverage ratio along with any other four to five types of financial covenants would be required by investment bankers and bond purchases and thus the restrictions set forth in underwriting standards appear to show no relationship with the bond market. This illustrates why generally the Authority should not be interested or attempting to underwrite or review financially a 4% tax credit project but should leave that to the interested parties who purchase the debt related to such projects (i.e., the investment bankers and bond purchasers.)

IFA Response: Pursuant to Section 42(m), the IRS requires IFA to both underwrite the 4% credit applications and to provide assurances that the proposals meet the IRS requirements for LIHTC.

10.1 Underwriting Standards.

10.1.1 Projects will be underwritten with rent escalating at a minimum of two percent (2%) and operating expenses escalating at a minimum of three percent (3%), with a minimum spread of one percent (1%) required between the rent and expense escalators.

Jeffrey Voorhees, National Consulting Alliance, Inc. (submitted in writing)
…I have noted several items in the QAP that would make it very difficult if not impossible to use the tax credit program with RD properties…:

PROBLEM: Section 4.1.2 and 10.1.1. You are requiring budgeted vacancy factors of 7% for projects over 20 units and 10% for projects under 20 units. RD standards usually are set at 10% for all projects unless they have a history of maintaining less than 10%. Projects that have a history of 10% will not work (or would be at risk) at 7%.

SOLUTION: Allow RD property vacancy rates to be set according to RD guidelines and approval.

IFA Response: A correction has been made to replace "rent" with "income."

10.1.2 Projects with 20 or more units will be underwritten assuming a constant seven percent (7%) vacancy. Projects with fewer than 20 units will be underwritten assuming a constant ten percent (10%) vacancy.

IFA Response: The vacancy rate has been changed to not less than 5% vacancy rate for any project.

10.1.3 All Projects must reflect a Debt Coverage Ratio between 1.15 and 1.35 for the first 15 years. If the Debt Coverage Ratio falls outside of this range, the Applicant must provide a narrative to justify the deviation. If the justification is not acceptable to IFA, the Project may be rejected.

10.1.4 Projects with less than 20 units must also demonstrate $150 per unit per year of net cash flow for the first 15 years. This does not apply to projects with rental assistance through RD.

IFA Response: Strike Section 10.1.4.

10.2 Operating Expenses.

Jeffrey Voorhees, National Consulting Alliance, Inc. (submitted in writing)
…I have noted several items in the QAP that would make it very difficult if not impossible to use the tax credit program with RD properties…:

PROBLEM: Section 4.2.1 and 10.2: This requires underwriting standards that budgeted operation expenses exclusive of property taxes and reserves be not less than $2500 per unit for elderly and $2800 per unit for families. This is far in excess of the $1600 to $2000 range that most RD properties are currently experiencing. RD would not approve such an increase when it is not needed.

SOLUTION: Exempt RD properties from these minimums and require that operating expenses be set according to RD guidelines.

10.2.1 Housing for Older Persons: Minimum of $2,500 per unit per year not including taxes, reserves and resident support services.

10.2.2 Housing for Families: Minimum of $2,800 per unit per year not including taxes, reserves, and resident support services.

10.2.3 Owner projected operating expenses will be used if they are higher than IFA minimums.

IFA Response: Strike Section 10.2.3.

10.3 Equity Pricing.

David Grossklaus, Dorsey & Whitney LLP
This section seems to be completely unrelated to a 4% tax credit project. I am very troubled that the Authority would be able to find like projects in the 4% tax credit market to be used as a comparison and contrast with a potential project. At best, the Authority would find itself comparing a 4% tax credit project to a 9% tax credit equity situation which would be a comparison of apples to oranges.

10.3.1 IFA will conduct a survey of Tax Credit equity investors to determine appropriate pricing assumptions. Projects will be underwritten using the greater of this amount and the Applicant's projections.

10.3.2 Equity should be calculated net of any syndication fees. Bridge loan interest typically incurred by the syndicator to enable an up front payment of equity should not be charged to the Project directly, but be reflected in the net payment of equity. Equity should be based on tax credits to be used by the investor(s), excluding those allocated to the Principals unless these entities are making an equity contribution in exchange for the tax credits.

IFA Response: Strike Section 10.3.

10.4 Reserves.

David Grossklaus, Dorsey & Whitney LLP
Again, the operating reserve requirement does not match the tax-exempt bond requirements for a bona fide debt service fund.

10.4.1 Operating Reserve. The operating reserve will be the greater of a) $1,500 per unit or b) six month's debt service and operating expenses. The operating reserve must be maintained for the duration of the first 15 years. The Applicant must include a narrative explaining how the operating reserve will be established.

IFA Response: Change the operating reserve to be maintained from 15 to 10 years. Clarify the language on the use of the operating reserve to have the reserve "in place" instead of "maintained" and add that the reserve can be used solely to cover the operating deficits. Add language to address if a debt service reserve fund has been established in connection with the bond issuance.

10.4.1.1 The Applicant may use the terms and conditions of the operating reserve required by lenders or other funders financing the Project provided the reserve is equal to or greater than the reserve required by this Section.

10.4.1.2 The operating reserve can be funded by deferring the Developer's fees of the Project. If this method is utilized, the deferred amounts owed to the Developer can only be repaid from cash flow if all required replacement reserve deposits have been made.

IFA Response: Remove from Section 10.4.1.2.: "If this method is utilized, the deferred amounts owed to the Developer can only be repaid from cash flow if all required replacement reserve deposits have been made." Allow an option for the operating reserves to be funded by a guarantee by the developer.

10.4.1.3 The Ownership Entity may fund the operating reserve using an irrevocable letter of credit. The letter of credit will be released after the end of the 15-year period.

10.4.1.4 The requirement for the operating reserve is a compliance issue and may be satisfied using the terms and conditions of the operating reserve required by lenders or other funders financing the Project provided the reserve is equal to or greater than the reserve required by this Section. Applicants are required to submit to IFA a verification that the terms and conditions of the operating reserve required by lenders or other funders financing the Project has or will be satisfied at the time a building is placed in service.

IFA Response: Add an exception to Section 10.4.1.4. for the operating reserve when the reserve is established with the final equity payment.

10.4.2 Replacement Reserve. All new construction Projects must budget replacement reserves of $300 per unit per year. Preservation, acquisition/rehabilitation, rehabilitation, historic preservation, and adaptive reuse Projects must budget replacement reserves of $350 per unit per year. The replacement reserve must be capitalized from the Project's operations, escalating annually at the same rate as the expense escalator.

10.4.2.1 The Application will require the Applicant to include a narrative explaining how the replacement reserve will be escrowed and used only for the replacement of capital components of the Project. The replacement reserve must be shown on the pro forma.

10.4.2.2 The requirement for the replacement reserve is a compliance issue and may be satisfied using the terms and conditions of the replacement reserve required by lenders or other funders financing the Project provided the reserve is equal to or greater than the reserve required by this Section. Applicants are required to submit to IFA a verification that the terms and conditions of the replacement reserve required by lenders or other funders financing the Project has or will be satisfied at the time a building is placed in service.

10.5 Deferred Developer Fees.

10.5.1 Developer fees can be deferred to cover a gap in funding sources as long as:

1. The entire amount will be paid within 15 years and meets the standards required by the IRS to stay in basis;

2. The deferred portion does not exceed fifty percent (50%) of the total amount as of the full Application; and

3. Payment projections do not negatively impact the operation of the Project.

Each of these items will be determined by IFA. Nonprofit organizations must include a resolution from the Board of Directors allowing such a deferred payment obligation to the Project.

The Developer may not charge interest on the deferred amount in excess of the long term Applicable Federal Rate (AFR), the repayment must be paid from net cash flow, and payments cannot be calculated into the minimum Debt Coverage Ratio.

IFA Response: Remove this section from the last sentence: "the repayment must be paid from the net cash flow, and payments cannot be calculated into the minimum Debt Coverage Ratio."

10.6 Financing Commitment.

David Grossklaus, Dorsey & Whitney LLP

Section 10.6 – I do not believe this restriction is required pursuant to the tax credit requirements and, again, does not mirror the realities of a tax-exempt bond financing. I would also submit to you the sentence that requires the interest rate to be fixed and no balloon payments due for eighteen years violates the requirements of the Authority's own multifamily housing project program for which numerous of these projects are also going to be receiving 4% tax credits. Most tax-exempt 4% tax credit projects do not pay interest rates at a fixed amount.

Furthermore, I am concerned that the use of the term "balloon payment" may be construed as the equivalent of "term bonds" and oftentimes in a tax-exempt transaction there may be a term bond that would mature prior to eighteen years.

10.6.1 If applicable, for all Projects proposing private construction and permanent financing, a letter of intent is required. This letter must clearly state that the term of the permanent loan is at least 18 years, how the interest rate will be indexed and the current rate at the time of the letter, the amortization period, fees, any prepayment penalties, anticipated security interest in the Property and lien position. The interest rate must be fixed and no balloon payments may be due for 18 years. The bank must complete a cover letter using the format approved by IFA, and submit it with the letter of intent.

Tim Morlan, IFA Underwriter
Regarding the sentence "The interest rate must be fixed and no balloon payments may be due for 18 years." This is obviously a problem and I see where this will affect projects in the very near future if we continue to do these variable rate deals with a term shorter than 18 years. Maybe we do away with this on the 4%s and leave on the 9%s.

IFA Response: Strike the language "at least 18 years" in the second line, and strike the second to the last sentence that starts, "The interest rate . . .".

10.6.2 Unless a request is being submitted for a loan from IFA, Applications may only include one set of proposed funding sources. IFA will not consider multiple funding scenarios. A Project will be ineligible for allocation if any of the listed funding sources will not be available in an amount and under the terms described in the Application. IFA may waive this limitation if the Project otherwise demonstrates financial feasibility. If a loan is being requested from IFA for a State-legislated revolving loan program, the Applicant may submit the designated financial documents listing the IFA construction and/or permanent loan(s) listed as a source, and may submit the designated financial documents with an alternative source for the construction and/or permanent loan(s).

10.7 Developer/Builder Fees.

David Grossklaus, Dorsey & Whitney LLP
I would look to others to comment on the fee limits as set forth here. My only comment would be one of not understanding the justification for such a restriction. It would seem more consistent with a tax-exempt financing that restrictions would be set forth as financial covenants and financial ability of a project above and beyond those financial covenants would always accrue to the benefit of the developer. It seems shortsighted to try to prevent a developer from having the incentive to produce as much on the fee side as possible so long as the project was built properly, maintained properly and provided low income housing to the citizens of Iowa in compliance with the Internal Revenue Code.

10.7.1 Developer fees (including overhead and profit and Consultant Fees) shall not exceed the percentages described below. The Developer's fee is calculated as a percentage of Total Project Costs minus land, Developer's fee, Developer's overhead and profit, Consultant Fees and Project reserves. The fees will be limited as follows:

Project Type	Unit Specifics	Fee Limit
New Construction Projects	First 24 units	Not to exceed 15%
	Units 25 and greater	Not to exceed 12%
Acquisition/Rehabilitation Projects		Not to exceed 17%
Adaptive Reuse Projects		Not to exceed 17%
Historic Projects		Not to exceed 17%
Preservation Projects		Not to exceed 17%

10.7.2 Builder and general contractor fees will be limited to a total of fourteen percent (14%) of the Hard Construction Costs.

10.7.3 In the event the Developer fee, Consultant Fee or builder fee limits are in excess of the limits imposed, IFA will make the appropriate adjustments during the underwriting phase of the evaluation of the Applications.

10.8 Other Fees and Considerations.

10.8.1 Investor Services Fees. Investor services fees must be paid from the net cash flow and not be calculated into the minimum Debt Coverage Ratio.

10.8.2 Project Contingency Funding. All new construction Projects shall have a hard cost contingency line item of NO MORE THAN three percent (3%) of total hard costs, including Builder Profit and Builder Overhead. Acquisition/Rehabilitation, Preservation, Adaptive Reuse and Historic Preservation Projects shall include a hard cost contingency line item of ten percent (10%) of the total hard costs.

David Grossklaus, Dorsey & Whitney LLP
I am curious as to the justification for this limitation. In all honesty, I do not now where this section comes from or what its justification for use in a QAP would be.

IFA Response: Strike Section 10.8.2.

10.8.3 Project Ownership. There must be a common ownership between all units and buildings within a single Project for the duration of the Compliance Period.

SECTION 11. THRESHOLD REQUIREMENTS - ALL DEVELOPERS\OWNERSHIP ENTITIES

To be considered for a reservation of Tax Credits, a Project must demonstrate that it meets the requirements described in this Section.

11.1 Complete Application. In order for IFA to review an Application fairly and accurately, it must be complete. If there is not adequate information provided to review the Application, and upon request from IFA to the Applicant, adequate information is not submitted, then IFA shall reject the Application. In the case that additional information is requested by IFA, the Applicant will be notified. The Applicant will have a reasonable amount of time to submit the requested information, as specified in the notice for information. The Applicant may contact the Tax Credit Manager at any time to request clarification.

11.2 Legal Ownership Entity. The Ownership Entity must be formed prior to submission of the Form 8609 Application Package for the awarded Project.

IFA Response: Change the requirement so that the legal ownership entity must be formed at the time of Application.

11.3 Location Requirements. The proposed Project must be located in an incorporated city. Applications shall not contain or propose alternate sites. Alternate sites must be presented as separate Projects with separate Applications.

11.4 Readiness to Proceed. The Applicant must be ready to proceed with the Project by documenting site Control, site suitability, zoning, access to paved roads, access to Utilities, and adherence to building standards. Refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation for related requirements. In addition, the following must also be met:

11.4.1 Land/Acquisition from Related Parties. For land and buildings which are acquired from a related party, the Applicant must provide documentation showing past transactions which substantiate the value of the Property shown in the Application or an appraisal by an MAI certified appraiser who is not a related party.

David Grossklaus, Dorsey & Whitney LLP
I think this section needs to be clarified. The appraisal needs to be for a project that is an acquisition project. I am unclear as to what an appraisal for the acquisition of only land would show other than to confirm that the amount used for land acquisition was not onerous. This section appears that it should be cleaned a little.

11.4.2 Qualified Development Team. The Application will require the Applicant to identify the Development Team (Ownership Entity, Developer, contractor, architect, engineer, consultant, tax accountant, tax attorney, management company, syndicator and general partner). The Developer will be required to provide a narrative describing each member's function and explain how the Development Team possesses the necessary experience to successfully complete the proposed Project and all other projects under construction, and that it has developed projects of comparable size and financing complexity. The qualifications of the Development Team will be evaluated again at Carryover and the reservation of Tax Credits may be revoked, at the sole discretion of IFA, if the Development Team is not qualified to successfully complete the proposed Project.

11.4.7 Capital Needs Assessment for Rehabilitation, Preservation and Adaptive Reuse Projects. The Application will require the Applicant to acknowledge the Capital Needs Assessment requirement and that IFA will use it in the Carryover evaluation. For the requirements related to the Capital Needs Assessment, refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

IFA Response: Strike the phrase in the first sentence: "and IFA will use it in the Carryover evaluation."

11.4.8 Local Contributing Effort. The Application will require the Applicant to document a Local Contributing Effort by a public or private agency with a value of at least one percent (1%) of the Hard Construction Costs. The IFA provided exhibit in the Application must be used in documenting the Local Contributing Effort. A Local Contributing Effort will not be considered as qualifying for this Section if the Local Contributing Effort was made more than one year before the effective date of the QAP unless it is a contribution in the form of land or buildings. The agency making the Local Contributing Effort must indicate the value of its contribution including a description of land value and how it was determined. The value of the Local Contributing Effort is the value of the contribution made by the agency minus the value of any consideration or accommodation received by the agency in return for the contribution. The Local Contributing Effort may be contingent upon the receipt of a Tax Credit Reservation.

David Grossklaus, Dorsey & Whitney LLP
There is no requirement for showing of local contributing effort and this section continues to remain in the QAP. I have repeatedly commented on this section and, in fact, the definition of local contributing effort is met with all of these projects as a result that they have been issued with tax-exempt bond financing to receive 4% tax credits in the first place. This section and the definition of local contributing effort at Appendix 2, number 43 should be deleted in full.

Kris Saddoris, Conlin Properties (submitted in writing)
It is our experience that the bond issuance in itself satisfies this paragraph, making it unnecessary.

IFA Response: Strike Section 11.4.8.

11.4.9 Commitment to Notify Public Housing Authority (PHA) of Vacancies. The Application will require the Applicant to notify the local PHA having jurisdiction in the Political Subdivision where the Project is located. The letter shall state the Applicant's desire to be placed on the PHA's list. The Applicant must provide a copy of this letter with their Application.

David Grossklaus, Dorsey & Whitney LLP
Regarding the remainder of Part B (from this section forward). The remainder of part B involves highly technical tax credit requirements on an ongoing basis which appear to me to be redundant with the requirements of the tax code. I would look to others and, more specifically, developers who work with the tax credit sections on a regular ongoing basis to comment on these sections. I would hope that these sections do not require any more onerous requirements than as set forth in the Internal Revenue Code.

11.4.10 Ineligible Significant Parties. For this Section, Significant Parties includes but is not limited to the Ownership Entity, the eventual owner of the Tax Credit Project, the eventual taxpayer of the Tax Credit Project, the Developer, general partner, accountant, architect, engineer, financial consultant, any other consultant, management agent and the general contractor, other persons identified on the Project Development Team or determined to be Significant Parties by IFA, but does not include syndicators, equity partners, private placement originators or limited partners.

11.4.10.1 The following Significant Parties may be ineligible to participate in the LIHTC Program and may not receive a Tax Credit Reservation, Tax Credit Allocation at Carryover time or a Form 8609:

11.4.10.1.1 Significant Parties who have unsatisfactory performance in any IFA sponsored or assisted program, as determined by IFA. This would include parties who have 90-day delinquent loans to any IFA program. Unsatisfactory performance may include but is not limited to a default of any obligation owed to IFA in any of its programs or an uncorrected default of any agreement between the Significant Party and IFA.

11.4.10.1.2 Significant Parties who have served as an officer, director, General Partner, or managing member of any entity that has unsatisfactory performance in any IFA sponsored or assisted program, or under any agreement with or loan from IFA, as determined by IFA This would include entities who have one or more 90-day delinquent loans with IFA. Unsatisfactory performance may include, but is not limited to, a default of any obligation owed to IFA in any of its programs or an uncorrected default between the entity and IFA.

11.4.10.1.3 Significant Parties who have received an uncorrected Form 8823 issued by IFA or any other state. Applicants are encouraged to submit detailed explanations, on the exhibit provided in the Application, of any uncorrected 8823's that have been issued with respect to properties associated with any Significant Parties.

11.4.10.1.4 Significant Parties who have been:

1. Convicted of;

2. Entered an agreement for immunity from prosecution for;

3. Received a deferred judgment or suspended sentence or judgment for; or

4. Pled guilty, including a plea of no contest to

a crime of dishonesty, fraud, tax fraud, embezzlement, bribery, payments of illegal gratuities, perjury, false statements, racketeering, blackmail, extortion, falsification, destruction of records, or crimes of violence.

11.4.10.1.5 Significant Parties who have been debarred from any program administered by IFA, any other state agency, or any federal agency.

11.4.10.1.6 Significant Parties who have an Identity of Interest with any debarred entity.

11.4.10.1.7 Significant Parties who fail to disclose any direct or indirect financial or other interest a member of the Project Development Team may have with another member of the Project Development Team or with the Project.

11.4.10.1.8 An Applicant who fails to disclose all known members of the Project Development Team.

11.4.10.1.9 A Developer who has been removed as a General Partner by the equity investor from any previously approved LIHTC Project in Iowa or any other state.

IFA Response: In Section 11.4.10.1.9, change "Developer" to "Significant Parties" to mirror preceding sections.

11.4.10.2 In the event IFA discovers that the Applicant, its Affiliates or other Significant Parties or any other person with an Identity of Interest associated with the Project have misrepresented the certifications made consistent with this Section, or the Applicant, its Affiliates, other Significant Parties or any other person with an Identity of Interest associated with the Project has failed to make the disclosures required by the QAP and Application or the Applicant, its Affiliates, other Significant Parties or any other person with an Identity of Interest associated with the Project made any material misrepresentation on the Application or in any of the documents submitted with the Application; or that the Form 8609 Part II elections are not the same as those represented on the Application, IFA may do one or more of the following: bar the offending party from applying for Tax Credits for a period of up to five years, revoke the Tax Credit Reservation awarded or issue a Form 8823 if the Project has been placed in service.

11.4.11 Displacement of Tenants. IFA will accept Applications that have displaced (or will displace) tenants. The Application will require the Applicant to submit an acceptable relocation plan.

11.4.12 Confirmation of Eligibility—Rehabilitation or Acquisition. The Application will require the Applicant to confirm eligibility under IRC Section 42(d)(2)(B)(ii) (the 10-year rule) by listing each building address, the date the building was placed in service by the Applicant from whom the building was or will be acquired, the date the building was or is planned for acquisition by the Applicant, and the number of years between the date the building was last placed in service and the expected date of acquisition. If the number of years for any building is less than 10 years, the Applicant must explain any exception under the Internal Revenue Code, which would make the building eligible for Tax Credit under IRC Section 42(d)(2)(B)(ii).

11.4.13 Rehabilitation Standards. If the Applicant is proposing to rehabilitate a building(s), the Application will require the Applicant to provide information regarding Rehabilitation Expenditures for each building as specified in Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation. The Applicant must identify, with respect to each building as required by the Application, the Rehabilitation Expenditures as defined in IRC Section 42(e)(2) which shall be allocable to or substantially benefit the Low-Income Units in such building. The Application must show the calculations for whether the amount of Rehabilitation Expenditures is at least equal to the greater of ten percent (10%) of the expected adjusted basis of the building or a $10,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit. Additionally, the Applicant must indicate that all buildings in the Project qualify for the exception provided for in IRC Section 42(e)(3)(B) regarding the ten percent (10%) basis requirement or that all the buildings qualify for the exception provided for in IRC Section 42(f)(5)(B)(ii)(II) regarding the $3,000 per unit requirement or that there are different circumstances for each building as described by the Applicant.

IFA Response: At the start of the last sentence, remove "In addition" and replace with, "If neither the ten percent (10%) or the $10,000 requirement has been met".

11.4.14 Building Standards. Preliminary site plan and floor plans are to be submitted with the Application to IFA for all of the buildings in the proposed development. The Applicant must demonstrate that they have or will meet local state and federal standards that apply to the Project, and meet IFA's minimum development characteristics. For additional requirements and a list of the minimum development characteristics, refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

11.4.15 Scattered Sites. The Applicant must submit a composite Application reflecting the total of all sites as well as separate site specific exhibits for each site included in the Project. A scattered site is a Project where multiple buildings with similar units are not located in proximity to one another, but are owned by the same party and financed under the same agreement(s), and are located within a 60-mile radius. A scattered site Project may be new construction, acquisition, rehabilitation or a combination of these types.

IFA Response: Change to 30-mile radius.

SECTION 12. POST RESERVATION REQUIREMENTS

Once a Tax Credit Reservation has been awarded, the following additional requirements will apply. Failure to comply with any provision in this Section may result in revocation of the Tax Credit Reservation, issuance of Form 8609 or issuance of Form 8823.

12.1 Amendments to the Application after Award. The Ownership Entity may amend, with IFA's consent, the Application after a reservation of Tax Credits is made solely for the purpose of showing changes as described in this Section.

12.1.1 Sources and uses of funds that do not increase the amount of Tax Credits awarded.

12.1.2 A minor change in the nature of the Project or changes in partnership members, shareholders, or limited liability members.

12.1.3 Changes to the equity investors, syndicator or equity partner.

IFA Response: Strike Section 12.1.3.

12.1.4 Site changes that are equal to or exceed the site characteristics of the site first described in the Application. A site change will be permitted at IFA's sole discretion. The substituted site must be within the same city.

12.2 Material Changes. If, upon the submission of the Carryover Application or the Form 8609 Application, or at any other time, it is determined that the Project is not substantially the same as the Project described in the Application, the Project will not receive an allocation of Tax Credit Reservation, or the amount of the Tax Credit will be adjusted or an IRS form 8823 will be issued. It is expected that the Projects will be the same as were originally scored under this QAP.

IFA Response: Strike the reference to Carryover Application in the first sentence. Remove the last sentence.

12.2.1 Generally, changes in the total number of Tax Credit units, number of bedrooms per unit mix, Special Needs targeting, and tenant mix (low-income/market rate), are deemed to be material, and are not permitted.

IFA Response: Remove the reference to Special Needs targeting.

12.2.2 Changes in the number of buildings and units contained in each building will be allowed if changes are required by local regulatory codes and the Applicant has obtained written approval from IFA prior to making the changes.

12.2.3 Failure to notify IFA of a material change will result in the revocation of the Tax Credit Reservation or the issuance of Form 8823.

12.3 Transfers. Tax Credit Reservation and Carryover Allocations are not transferable. Form 8609 allocations will be issued only in the name of the Ownership Entity named in the Application. Transfers subsequent to the issuance of the Form 8609 allocation are subject to the LURA and to the provisions of Sections 42(d)(7) and 42(j) of the Code.

IFA Response: Remove the phrase "named in the Application" at the end of the second sentence.

12.4 Agreement with PHA. The Ownership Entity must have a written agreement with the PHA, in the form provided by IFA, and signed by both the Ownership Entity and the PHA, and this agreement must be included in the Form 8609 Application Package.

12.5 Form 8609. All Applicants requesting an IRS Form 8609 allocation must submit all items described in IFA's current Form 8609 request package.

12.6 Change in General Partner, Majority Shareholder or Managing Member. In the event there is a proposed change in a general partner, majority shareholder of a corporation or majority membership of a limited liability company after an allocation of Tax Credits has been made, IFA shall be notified by the partnership, corporation or limited liability company to obtain approval prior to the effective date of such change. The new general partner or new majority shareholder shall agree to meet the requirements described in the QAP before IFA shall consent to the change. If the requirements outlined in the QAP are not met, the request for transfer may not be approved. If IFA is not notified of a change in the general partner, IFA may issue a Form 8823.

David Grossklaus, Dorsey & Whitney LLP
…In summary, I am concerned that part B of the Plan with respect to these types of projects continues to add provisions and standards of review by the Authority which are not required by the tax code, places an added burden of review on the Authority, requires the submission of information for analysis that serves no general purpose to the Authority, and fails to recognize the key distinction between a 4% tax credit financing (for which underwriters, bankers, and bond purchasers have money in the project and for who review of these types of projects is, indeed, quite thorough) and 9% tax credits for which the Authority should and is the proper party to be doing extensive and exhaustive underwriting. In fact, with the newly created Iowa Authority Multifamily Program, the Authority will find itself going through two exhaustive underwriting processes and I would submit that now those processes for acceptance in the IFA Multifamily Program and the underwriting for the tax credit underwriting may be creating drastically different requirements, some of which are contrary to one another.

I respectfully submit these comments. I would be more than happy to sit down and meet with the staff of the Authority and several developers who work in an ongoing fashion with § 42 of the Internal Revenue Code. Most importantly, I think this part of the allocation plan needs to be consistent and practical with the realities of financing projects of this nature. I fear the Plan as it relates to 4% tax credits may drastically chill, or completely prevent, such deals in the future.

Lew Weinberg, Weinberg Investments
I would like, to again, submit the comments I forwarded to IFA on May 15, 2007 for reconsideration, please find them attached.

It would seem from reading the Proposed QAP that most if not all of my comments were not considered or ignored. At sometime in the near future I would like the opportunity to know why. This could be at an informal meeting at IFA or by written reply, at your choice.

Also, I have reviewed and support in principal the comments submitted by Dorsey & Whitney LLP dated July 20, 2007 regarding the 4% tax credit program. It is obvious from reading them that IFA did not consult Bond attorneys nor any developers prior to trying to set up 4% tax credits as separate Exhibit B in the 2008 QAP, that is unfortunate.

Regarding my May 15 comments, I am still concerned there seems to be no commitment to shorten the 8609 review and processing on IFA's end. The 8609 process in really not addressed anywhere in the QAP and if nothing else should be covered in a Memo from either yourself or the Board. We see no reason why, this process once materials are submitted, should takes six weeks or longer.

While we appreciate IFA's consideration in separating out the 4% tax credit projects in Part B, with we suppose the good intentions to make it simpler, ect, ect., However, upon review of the proposed product I find myself yearning for the "old plan" for 4% tax credits as handled in prior QAP's!

While there were some problems with 4% tax credits in the past, what IFA has (I hope unintentionally) done is to take a number of small problems and basically make the program almost unusable. This is a pretty good example of Regulators trying to redo something with little if any industry input.

I would strongly encourage IFA to do one of three things at this juncture:

A. Leave 4% tax credit deals handled in the same manner as the 2007 QAP.
B. Delete Exhibit B as proposed and leave the administration of the 4% tax credits to the discretion of the Executive Director subject to the concurrence of the IFA Board.
C. Convene a working group with in thirty days, including Board Members, Staff, Dorsey & Whitney and Development community to either spending a day to rewrite Ex B or better yet to incorporate a guidance Memo on 4% Tax Credits to be approved by the Board – thereby eliminated the 4% tax credits from the QAP except by reference to the Memo.

As presently proposed, the QAP acts to try and force the 4% tax credit program to conform to basically "all" the criteria of the 9% tax credit program – to what end???
Create unneeded work for staff? The development community? Take a simple program and over regulate it out of existence?

Again, as presented, the proposed 4% tax credit program seems to view most projects as either new construction or acquisition and rehab of an existing structure – as opposed to what we have used it form the acquisition, rehab and preservation of fully occupied Section 8 affordable housing. Each one of the above have their own particular nuances when it comes to LIHTC's and various other funding sources (HOME – FHLB/AHP, ect), which to ignore is the same as saying the Drafter of the QAP section doesn't understand.

I would encourage IFA and their Board to be pro active on this matter as they have on past issues, sit down with the Bond attorney and development community and lets come up with something that works for all – without killing or overburdening this valuable rehab tool!!!

PART C – TERMS AND CONDITIONS

The following terms and conditions apply to all Applicants and Projects that receive a reservation of either four percent (4%) or nine percent (9%) Tax Credits, Carryover Allocation [nine percent (9%) Tax Credits only], and Form 8609 allocation.

SECTION 13: TERMS AND CONDITIONS

13.1 Documents Incorporated by Reference. The items described in this Section are incorporated by reference in the QAP. The QAP will be deposited in the Iowa State Law Library. Statutory references are available in the Iowa State Law Library.

13.1.1 26 USC Section 42 as amended and the related Treasury regulations in effect as of October 6, 2007.

13.1.2 Iowa Code Section 16.52 and the rules promulgated by IFA to govern the LIHTC Program in effect on October 17, 2007.

13.1.3 The Compliance Manual adopted by IFA pursuant to 265 IAC 12.3.

Kris Saddoris, Conlin Properties (submitted in writing)
Given that IFA updates the Compliance Manual so infrequently, it would preferable not to bury it in the QAP, therefore removing it from the rule process.

IFA Response: No change recommended. Reference is required by IRS.

13.1.4 In the case of any inconsistency or conflict between the items listed in this Section, conflicts shall be resolved as follows:

13.1.4.1 First, by giving preference to IRC Section 42 and the related Treasury regulations.

13.1.4.2 Second, by giving preference to Iowa Code Sections 16.4, 16.52 and the rules governing the QAP; and

13.1.4.3 Third, by giving preference to the QAP.

13.2 Notification of Chief Executive Officer—Local Jurisdiction. The Applicant will be required to identify the city in which the proposed Project will be located and include the name and address of the chief executive officer of the city. See IRC Section 42(m)(1)(A)(ii). Upon receipt of an Application, IFA will notify the chief executive officer of the city of the proposed Project. This notification will include characteristics of the proposed Project and provide an opportunity for the Governmental Entity to comment on the Project.

13.3 Binding Obligations. The representations made in the Application shall bind the Applicant and become a contractual obligation of the Developer and the Ownership Entity and any entity the Developer or the Ownership Entity is representing in the presentation of the Application or a successor in interest in the event Tax Credits are awarded to a proposed Project. The QAP and the Application with any permitted amendments either prior to the reservation of Tax Credits or after the Carryover Allocation, issuance of Form 8609 or during the Compliance Period and any other agreements executed between IFA and the Ownership Entity shall constitute the agreement between the parties.

13.4 Land Use Restrictive Covenants (aka Land Use Restrictive Agreement (LURA). The Project shall be subject to the LURA which requires among other things, that the Project will be used for affordable housing for the required 15-year Compliance Period and the required 15-year extended Compliance Period, except as provided for in Section 9.4.9. If the Applicant has agreed to extend the time period of affordability and has waived rights to early termination of the extended use period in its Application, the LURA will reflect the additional Compliance Period for which the Ownership Entity has waived its rights to early termination. In the event an Applicant receives HOME funding for a Project, the Ownership Entity must enter into a LURA with IFA for the longest Compliance Period required either by the LIHTC Program or HOME regulations. The LURA shall contain covenants that run with the land requiring that the Property be used as an affordable housing Project until the end of the Compliance Period. The original document must be recorded before a Form 8609 is issued. The LURA must be binding on all successors of the Ownership Entity and run with the land as provided by Section 42(h)(6). Although the LURA will terminate in the event of foreclosure, Section 42(h)(6)(E)(ii) requires that certain limitations as to termination of tenancies and rent increases survive such foreclosure for a period of three years. As a result, all other lenders or prior lien holders must consent to the recording of the LURA as a restrictive covenant encumbering and running with the land and acknowledge and agree that those provisions of the LURA that set forth the requirements of section 42(h)(6)(E)(ii) of the Code are superior to the lender or lien holder's security interest and shall continue in full force and effect for a period of three years following the date of acquisition of the Project by foreclosure (or instrument in lieu of foreclosure). The Ownership Entity must provide adequate evidence that the LURA is binding on all successors of the Ownership Entity and runs with the land. Adequate evidence includes but is not limited to a copy of a final title opinion showing all the current liens against the Property or a title guaranty certificate showing exclusions.

IFA Response: Strike the phrase at the end of the first sentence that says, "except as provided for in Section 9.4.9."

13.5 Disclosure of Information Regarding Equity Investors or Syndicators. The Application will require the Applicant to reveal the name and address of all of the equity partners, investors or syndicators involved in a Project regardless of the nature of the placement of the Tax Credits. If the name of the equity partner or syndicator is not known at the time of Application, the Application can be amended after Tax Credits are awarded. A Form 8609 will not be issued unless the name of a syndicator or equity partner is revealed to IFA. Applicants that have been awarded Tax Credits must also disclose the name and address of equity partners, investors or syndicators involved with Projects being monitored by IFA. Failure to supply the syndicator or equity partner or investor information may result in the filing of a Form 8823 with the Internal Revenue Service. See Treasury Regulation 1.42-5(a)(2)(ii); IRS Tax Memorandum No. 199944019, August 8, 1999.

13.6 Document Timeliness. All supporting documentation required by the Application must be no more than 180 days old on the date that the Application is submitted to IFA. Documents that must be timely will be designated on the Application additional documentation checklist. Exceptions allowed would include, documents not specifically produced for the Application, such as a valid purchase agreement, deed, land title document, Articles of Incorporation and IRS letters to a Nonprofit stating they are an exempt organization under 501(c)(3) or 501(c)(4).

13.7 Opinions and Certifications. The Application will require the Applicant to file certifications and professional opinions in support of the Application. All certifications, opinions and documents submitted by attorneys, the Applicant, or other professionals must be based on an independent investigation into the facts and circumstances regarding the proposed Project. Any opinion submitted by any professional that is not based on an independent investigation of the facts and circumstances of a proposed Project will not be accepted. All certifications must be in the form specified by IFA. The certifications shall be made under penalty of perjury.

13.8 Fractional Rounding. For the purposes of determining the number of units in an Applicant's election(s), fractional units will be increased to the next whole unit.

13.9 Costs Associated with Application Preparation. IFA is not responsible for any costs incurred by the Applicant.

13.10 Ownership of Applications. By submitting an Application, the Applicant agrees that IFA shall become the owner of the Application and that the Application shall not be returned to the Applicants even in the event that no Tax Credits are awarded.

13.11 Public Information. At the conclusion of the selection process, the contents of all Applications shall be placed in the public domain and be opened to inspection by interested parties subject to the provisions of Iowa Code Chapter 22. IFA may treat all information submitted by the Applicant as a public record unless the Applicant properly requests that the information be treated as confidential information at the time the Application is submitted. Any request for confidential treatment of information must be included in a cover letter with the Application and must enumerate the specific grounds in Iowa Code Chapter 22 or other provisions of law that support treatment of the material as confidential and must indicate why disclosure is not in the best interest of the public. The request must also include the name, address, and telephone number of the person authorized by the Applicant to respond to any inquiries by IFA concerning the confidential status of the materials. In the event IFA receives a request for the release of information that includes material the Applicant has marked as confidential, IFA shall provide a written notice to the Applicant regarding the request. Unless otherwise directed by a court of competent jurisdiction, IFA will release the requested information within 20 days after providing the written notice of the request to the Applicant. The Applicant's failure to request confidential treatment of material pursuant to this Section may be deemed by IFA as a waiver of any right to confidentiality.

13.12 No Representation or Warranty Regarding the QAP. IFA makes no representation or warranty to any person or entity as to compliance issues or the feasibility or viability of any Project.

13.13 IFA Policy on Civil Rights Compliance. IFA is an equal opportunity concern. The Applicant and any of its employees, agents or sub-contractors doing business with IFA understands and agrees that it is the responsibility of the Developer and Ownership Entity to adhere to and comply with all federal civil rights legislation including the Fair Housing Laws, Section 504 of the Rehabilitation Act of 1973, the Americans With Disabilities Act as well as any state and local civil rights legislation. It is the legal responsibility of the Developer and Ownership Entity to be aware of and comply with all non-discrimination provisions of federal, state or local law.

13.14 Qualified Residential Rental Property. The Project must be a Qualified Residential Rental Property. The Applicant must certify that the Project as proposed is a Qualified Residential Rental

Property. IFA reserves the right to require the Applicant to supply a legal opinion that the Project as proposed is a Qualified Residential Rental Property.

13.15 Destruction of a Project Prior to Placement in Service. In the event that a Project suffers a casualty loss (such as a fire or a tornado) of a significant character prior to the Project being placed in service, such that the Project cannot be placed in service within the applicable time limitations required by Section 42 of the Code and the accompanying regulations, IFA will allow the Applicant to return the reserved or allocated Tax Credits via mutual consent in return for a binding commitment by IFA to allocate a future year's Tax Credits, in an amount not to exceed the original allocation to the Project. This section is only intended to cover those casualty losses that are not otherwise provided under Section 42 of the Code and the applicable regulations and IRS rulings (such as losses in federally declared disaster areas, for which Rev. Proc. 95-28 applies).

13.16 Waiting List. The Board, in its discretion, may establish a waiting list and adjust the order on the waiting list for any reason, including but not limited to the result of an appeal. An Applicant placed on the waiting list shall be required to reapply for Tax Credits if the Applicant seeks funding from the next cycle of Tax Credit awards. Placement on the waiting list does not imply either directly or indirectly that the Board will forward fund the Applicant's Project. The waiting list may be established based on financial feasibility, relative scoring, developer concentration, geographic distribution, or any of the other criteria described in the QAP. If Tax Credits become available, the Application will be reviewed to ensure that the Applicant continues to satisfy all of the requirements of the QAP and that if scored and ranked, the Project would have been funded according to ranking and set-asides. If the Applicant is in compliance with the QAP, the Board, at its next regular meeting, may make a Tax Credit Reservation award.

13.16.1 Prioritization of Waiting List. The Board may maintain a waiting list for Projects to be funded from unallocated or unused Tax Credits, or both. The Board generally shall prioritize Projects on the waiting list as follows:

1. Projects seeking additional Tax Credits pursuant to Section 6.3.2.
2. Projects placed on the waiting list following a successful appeal of a denial of Tax Credits by the Board pursuant to Section 13.19.
3. Projects placed on the waiting list as a result of a waiver of one or more administrative rules by the Board.

Projects placed on the waiting list for any other reason may be prioritized at the Board's sole discretion. The Board, in its sole discretion, may deviate from the foregoing guidelines if it determines cause to do so exists.

Within the foregoing categories, Projects on which construction or rehabilitation has begun will be given priority over Projects on which construction or rehabilitation has not begun; and Projects from previous funding rounds will be given priority over Projects funded in the most current funding rounds, in chronological order.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Add a priority for partially funded projects as priority number 2.

IFA Response: No change recommended.

13.17 Appeals. An Applicant whose Application has been timely filed and whose Project did not receive an allocation of Tax Credits may appeal the decision by filing a written notice of appeal within seven days of the award before the Iowa Finance Authority, 2015 Grand Avenue, Des Moines, Iowa 50312. Filing a notice of appeal shall not stay the Tax Credit Reservation awards made by IFA. The notice of appeal must actually be received at this address within the time frame specified to be considered timely. A written notice of appeal may also be filed by fax transmission at (515)725-4901 within seven days of the date of the award. The notice of appeal shall state the grounds upon which the Applicant challenges IFA's award.

13.17.1 Procedures for Applicant Appeal. The filing of an appeal constitutes the initiation of a contested case proceeding. The contested case will be governed by the procedures set forth in this Section, together with the contested case rules set forth in 265 IAC chapter 7. If the provisions of this Section conflict with any of the provisions in 265 IAC Chapter 7, the provisions of this Section will govern.

13.17.2 Hearing. Upon receipt of a notice of an Applicant appeal, IFA may contact the Department of Inspections and Appeals to arrange for a hearing. A written notice of the date, time and location of the appeal hearing will be sent to the parties to the appeal. IFA shall select a presiding officer and hold a hearing on the Applicant appeal in conformance with its rules on contested cases within 30 days of the date IFA receives the notice of appeal.

13.17.3 Discovery. Any discovery requests shall be served simultaneously on the parties within 10 days of the notice of appeal. Responses to any discovery requests must be submitted to all of the parties within 10 days of receiving the discovery request.

13.17.4 Witnesses and Exhibits. Within 20 days following the notice of appeal, the parties shall contact each other regarding witnesses and exhibits. There is no requirement for witness and exhibit lists. However, the parties must meet prior to the hearing regarding the evidence to be presented in order to avoid duplication or the submission of extraneous materials. The parties may request a pre-hearing conference to discuss witnesses, exhibits or other matters relating to the hearing.

13.17.5 Settlements.

13.17.5.1 A contested case may be resolved by informal settlement. Settlement negotiations may be initiated at any stage of a contested case by the executive director, prosecuting attorney, or the aggrieved party. No party is required to participate in the informal settlement process.

13.17.5.2 The Executive Director shall have authority to negotiate on behalf of the Board. No party shall communicate with any Board member about settlement negotiations until a written proposal settlement is submitted to the full Board for approval, unless all parties to the settlement negotiations waive this prohibition. No proposed settlement shall be presented to the full Board for approval until it is in final, written form signed by the aggrieved party.

13.17.5.3 Waiver of notice and opportunity to be heard. The decision to enter into settlement negotiations is voluntary on the part of the parties. By entering into informal settlement negotiations, the respondent waives the right to seek disqualification of the executive director from being present during the Board's deliberations and the making of the contested case decision if the appeal goes to a hearing.

13.17.5.4 All proposed settlements are subject to approval of a majority of the full Board. If the Board fails to approve a proposed settlement, it shall be of no force or effect to either party and shall not be admitted into evidence during the hearing on the contested case.

13.17.5.5 A Board member who is presented with a settlement proposal pursuant to Section 9.5.3 that is rejected by the Board shall not be disqualified from adjudicating the contested case due to that participation.

13.18 Evidence for a Telephone or Network Hearing. If the hearing is conducted by telephone or on the fiber optic network, all exhibits must be delivered to the IFA office three days prior to the time the hearing is conducted. Any exhibits which have not been served on the opposing party shall be served at least seven days prior to the hearing.

13.19 Remedies on Appeal. In the event an Applicant passed the threshold requirements and is successful in demonstrating that the Applicant should have been awarded Tax Credits, the Board may place the Project on a waiting list for Unreserved or returned Tax Credits.

In the event an Applicant is successful in demonstrating that a Project was improperly determined by IFA to have not met the threshold requirements, the Board shall cause the Project to be scored. In the event the Project receives a score equal to or greater than the lowest score of any Project receiving credits in the same round, the Board may place the Project on a waiting list for Unreserved or returned Tax Credits.

13.20 Contents of Decision. The presiding officer shall issue a decision in writing that includes finding of fact and conclusions of law stated separately. The decision shall be based on the record of the contested case and shall conform with Iowa chapter 17A. The decision shall be sent to all parties by first-class mail.

13.21 Record Requirements. The record of the contested case shall include all materials specified in Iowa Code subsection 17A.12 (6). The record shall also include any requests for a contested case hearing and other relevant procedural documents regardless of their form.

13.21.1 Oral proceedings in connection with a Sponsor appeal shall be recorded either by mechanized means or by certified shorthand reporters. Parties requesting that the hearing be recorded by a certified shorthand report shall bear the cost of the reporter.

13.21.2 Oral proceedings with a hearing in a case or any portion of the oral proceedings shall be transcribed at the request of any party with the expense of the transcription charged to the requesting party.

13.21.3 Copies of the tapes of oral proceedings may be obtained from the Board at the requestor's expense.

13.21.4 The recording or stenographic notes of the oral proceedings or the transcription shall be filed and maintained by the Board for at least two years from the date of the proposed decision.

13.22 Dismissal. A ruling dismissing all of the party's claims or a voluntary dismissal is a decision under Iowa Code section 17A.15.

13.23 Requests for Rehearing. Requests for rehearing shall be made to IFA within 20 days of issuing a final decision. A rehearing may be granted when new legal issues are raised, new evidence is available, an obvious mistake is corrected, or when the decision fails to include adequate findings or conclusions on all issues. A request for rehearing is not necessary to exhaust administrative remedies.

13.24 Judicial Review. Judicial review of IFA's final decisions may be sought in accordance with Iowa Code Section 17A.19.

13.25 Compliance. IFA is required to establish procedures for monitoring compliance with the provisions of IRC Section 42 and for notifying the Internal Revenue Service of any noncompliance. Each Ownership Entity is required to comply with the requirements described in this Section, the Treasury Regulations governing Section 42, and the compliance manual adopted by IFA pursuant to 265 IAC 12.3.

13.25.1 Record Keeping. For each year in the Compliance Period, the Ownership Entity or its successor in interest shall keep records for each qualified low-income building in the Project consistent with the Treasury Regulations governing Section 42. The Ownership Entity or its successor in interest shall retain these records for each building in the Project for at least six years after the due date (with extensions) for filing the federal income tax return for that year. The records for the initial taxable year must be retained for at least six years after the due date for filing the federal income tax return for the last year of the Compliance Period of the building.

13.25.2 Certifications. The Ownership Entity shall make all necessary certifications required by IFA for the preceding 12-month period as described in the Treasury Regulations governing Section 42.

13.25.3 Review and Inspections. IFA shall review the certifications submitted in conformance with the Treasury Regulations governing Section 42 effective on the effective date of this QAP. IFA shall have the right to inspect the Projects in conformance with the standards set forth in the Treasury Regulations governing Section 42. IFA will provide 48 hours' advance notice to the Ownership Entity to inspect any individual units in a Project. Otherwise, advance notice to the Ownership Entity is not necessary for purposes of the inspection provisions set forth in the Treasury Regulations governing Section 42. The owner certifications and reviews of compliance reports shall be made annually, the physical inspections and tenants files once every three years covering the 15-year Compliance Period under IRC Section 42(i)(1). If the Ownership Entity agreed to an extended Compliance Period, the reviews, audits and inspections shall continue through the length of the Compliance Period. IFA may require that certifications, reviews and inspections be made more frequently, provided that all months within each 12-month period are subject to certification.

13.25.4 Notice of Noncompliance. IFA will provide prompt written certified notice to the Ownership Entity of a Project if found to be out of compliance. The notice will describe the events of noncompliance and advise the Ownership Entity of the Tax Credit Project of the time period to correct the events of noncompliance.

13.25.5 Correction Period. The correction period shall not exceed 90 days from the date the notice of noncompliance is sent to the Ownership Entity. IFA may extend the correction period for up to six months, but only if IFA determines there is good cause for granting the extension. During the 90 day time period, or an extension thereof, the Ownership Entity must supply any missing certifications and bring the Project into compliance with the provisions of IRC Section 42.

13.25.6 Notice to Internal Revenue Service. IFA will send a written notice to the Internal Revenue Service along with Form 8823 in the event of a finding of noncompliance by an Ownership Entity. Copies of Form 8823 and the Internal Revenue Service notice will be forwarded to the Ownership Entity.

13.25.7 IFA Retention of Records. IFA shall retain records of noncompliance or failure to certify for six years beyond IFA's filing of the respective IRS Form 8823. In all other cases, IFA will retain the certifications and records described in the QAP for a period of three years from the end of the calendar year in which IFA receives the certification and records.

13.25.8 Delegation of Monitoring. IFA may retain an agent or other private contractor (the "authorized delegate") to perform compliance monitoring. The authorized delegate must be unrelated to the Ownership Entity of any building that the authorized delegate monitors.

13.25.9 Liability. Compliance with the requirements of IRC Section 42 is the responsibility of the Ownership Entity of the building for which the Tax Credit is allowable. IFA's obligation to monitor for compliance with the requirements of IRC Section 42 shall not make IFA liable for an Ownership Entity's noncompliance.

13.25.10 Effective Date. These procedures for monitoring for noncompliance became effective on January 1, 1992, were amended on February 3, 1993, and apply to buildings placed in service for which a Low-Income Housing Tax Credit is, or has been, allowable at any time. Notwithstanding the effective date, if IFA becomes aware of noncompliance that occurred prior to January 1, 1992, it is required to notify the Internal Revenue Service of that noncompliance.

APPENDIX 1 – THRESHOLD REQUIREMENTS FOR BUILDING, CONSTRUCTION, SITE AND REHABILITATION

The terms of this Appendix 1 are the minimum requirements for any Project awarded Tax Credits in 2008. Required documents for Sections B, F, G, H, I and J must be prepared by an engineer or architect licensed to do business in Iowa.

Once final plans and specifications have been completed, the Applicant must submit them to IFA and receive written approval before commencing site work or construction.

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Final Plans and Specifications
Meeting carryover is very time sensitive. Adding a requirement to provide written approval before commencing work is too inhibiting. We need to be able to get started with construction. There will be time for IFA comments to be incorporated into the work.

Kris Saddoris, Conlin Properties (submitted in writing/orally)
It is very typical that site work would commence prior to final plans being completed. Why does IFA need to sign off if the City is already doing that? What problems have occurred that IFA is trying to address? What if IFA doesn't approve something the City is requiring? This puts the developer in an impossible situation. Can some timeframe be included that allows approval of a change in the event that IFA doesn't respond?

IFA Response: No change from previous practice. No change recommended.

At all times after award, the Applicant is responsible for promptly informing IFA of any changes or alterations which deviate from the final plans and specifications approved by IFA. In particular, the Applicant must not take action on any material change in the site layout, floor plan, elevations or amenities without written authorization from IFA, as specified in Section 8.3 and Section 12.2. This includes changes required by local governments to receive building permits.

A. Site Control. At the time of Application, the Applicant must have site Control. The Application will require the Applicant to show evidence of site Control by providing executed documents. The following may be proper evidence of site Control:

1. The Applicant holds title to the Property on which the Project will be located by a properly executed and recorded warranty deed or a title opinion showing title in the name of the Applicant or a title guaranty certificate showing title in the name of the Applicant.

2. The Applicant has an executed and exclusive purchase option agreement or other binding agreement that is valid up to six months following the date of the Application deadline. Evidence of site ownership must be submitted with the Carryover Package;

3. The Applicant has an executed purchase contract; or

4. The Applicant has an executed lease or an option on a lease, which lease has a term not less than the longer of: (1 the entire period during which the proposed Project will be subject to the LURA, 2) 50 years, or 3) the expected useful life of the buildings comprising the proposed Project.

B. Site Suitability. The site must be suitable for the proposed Project and should be sized to accommodate the number and type of units and the amenities proposed. The land costs allocated to the Project cannot include excess acreage unnecessary for the construction and use of the Project.

C. Zoning. The Application will require the Applicant to demonstrate that the zoning for each site on which the Project will be located allows for the use(s) proposed by the Applicant. A letter from the city regarding zoning must be submitted with the Application. The city zoning department shall provide a statement that the official plat is properly zoned, will have the proper number of parking stalls, and will be located on a paved road, the Property is not landlocked and has a legal easement, and right of ways have been granted if applicable. If the proposed Project location does not have zoning regulations, a letter from the city must be submitted attesting to the fact that no zoning regulations are in effect. If the site is not zoned appropriately at Application, the Applicant must provide a letter stating that the site will be zoned appropriately by Carryover. If proper zoning is ultimately not possible, a substitute site may be submitted in accordance with Section 8.2.4 and Section 12.1.4 of the QAP.

Kris Saddoris, Conlin Properties (submitted in writing)
Should this require that the City state the current zoning, with the requirement that it be properly zoned at Carryover? If it's not a requirement at app, why is it necessary to verify?

IFA Response: Progress towards appropriate zoning must be shown in the application if appropriate zoning is currently not established.

D. Access to Paved Roads. All sites proposed must have direct contiguous access from the Project site to existing paved publicly dedicated right of ways. If the path from the proposed Property entrance to a paved road is de minimis, as determined solely at IFA's discretion, then the Applicant will be allowed to provide a binding commitment for both the construction and financing of the paved road, using funds outside of the Tax Credit development budget. The cost of construction of the paved road must not be included in the Project costs, and the construction of the paved road must be completed prior to the issuance of Form 8609.

E. Access to Utilities. The Application will require the Applicant to show that all Utilities are or will be physically available to and have adequate capacity for the proposed Project. The appropriate utility company for each service or the city must confirm in writing the availability and capacity of Utilities at the proposed Project site. If Utilities are not available to the site on the date the Application is submitted, the Applicant must supply adequate evidence that demonstrates that the Utilities will be available by start of construction. This evidence must include the appropriate funding source the Applicant will utilize for the Utility extension. Any charges for the extension of services that are not normal extensions may not be included in Eligible Basis. Utilities must be available at the site prior to the issuance of the Form 8609.

F. Building Standards. Preliminary site plan and floor plans are to be submitted with the Threshold Application to IFA. The Application will require the Developer to demonstrate that they have or will meet local, state and federal standards that apply to the Project. The standards are:

1. 2006 International Existing Building Code adopted and published by the International Code Council.

2. 2006 International Fire Code adopted and published by the International Code Council.

3. 2006 International Residential Code adopted and published by the International Code Council.

4. 2006 International Fire Code adopted and published by the International Code Council.

5. 2006 International Mechanical Code adopted and published by the International Code Council.

6. 2000 Uniform Plumbing Code adopted by the International Association of Plumbing and Mechanical Officials.

7. 2005 National Electric Code adopted by the National Electrical Code Committee and published by the National Fire Protection Association, Inc.

8. 2006 International Energy Conservation Code adopted by the International Code Council.

9. Iowa Administrative Code Chapters: 301 (General Provisions), 302 (State Building Code on how to make building/apartments accessible and functional for the physically handicapped), 25 (State Plumbing Code for the physically handicapped).

10. Uniform Federal Accessibility Standards provided in 24 CFR Part 8 and delineated in the American National Standards Institute Standard 1986 A117.1.

11. The Americans with Disabilities Act 1990 provided by the Federal Department of Justice.

12. The Federal Fair Housing Act of 1988 including Title VI of the Civil Rights Act of 1964, Section 109 of the Housing and Community Development Act of 1974, Title VIII of the Civil Rights Act of 1968, Section 3 of the Housing and Urban Development Act of 1968, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973.

13. For adaptive reuse/rehab, the Lead Base Poisoning Prevention Act, the Department of Housing and Urban Development (HUD) Guidelines for the Evaluation and Control of Lead Based Paint Hazards, Environmental Protection Administration (EPA) and Occupational Safety and Health Act (OSHA) provisions shall apply when applicable.

F.1 For adaptive reuse/rehabilitation, State Historic Preservation Office (SHPO) clearance Section 106 of the National Historic Preservation Act, 36 CFR Part 800 for Projects receiving any direct federal funding (HOME or categorical grant) or affecting properties listed in the National Register of Historic Places, or in a designated historic preservation district or zone.

G. Minimum Development Characteristics. Iowa's environments places heavy demands upon building envelope energy requirements and exterior building components systems. In order to enable long term housing affordability, low maintenance building exteriors and high energy efficiency structural envelopes and appliances uses are encouraged. For nine percent (9%) Tax Credits, installations that exceed minimal standards may be awarded extra points in the Application for Scoring and Determination of Set-Asides, as described in Section 6 Scoring Criteria.

The following minimum development characteristics must be utilized in all construction.

1. <u>Exterior Construction:</u> Air infiltration barrier building wrap required on all new siding Applications.

2. Roofs: Use of a minimum of 25-year shingles with a minimum of 30# roofing felt.

3. Exterior Entry Doors to Common Areas: Insulated metal or fiberglass type with optional thermo-pane glass insert or thermo-pane glass full lite doors with metal thermal break type frame, to IECC standards.

4. Unit Doors: Direct unit access to exteriors insulated metal or fiberglass panel type with optional thermopane glass insert to IECC standards, 180-degree peephole, lockset and deadbolt lock with 1 inch throw.

5. Unit Doors: Interior common hall unit entry doors as required by the IBC/IRC with 180-degree peephole, with lockset and deadbolt lock with 1 inch throw.

6. Overhead Doors: Embossed steel panel doors without insulation to non-heated areas.

7. Carpeting: Within dwelling unit, 26 oz. minimum face weight low level loop Olefin or Nylon/Olefin blend.

8. Carpeting: In common areas, 28 oz. minimum face weight, low level loop 100% nylon carpeting.

9. Resilient Flooring: Kitchens – either 1/8 inch vinyl composition tile, color and pattern full thickness or sheet vinyl complying with bathroom specification below.

10. Resilient Flooring: Bathrooms – sheet vinyl with wear surface of .020 mills or greater, with underlayment product, 2nd or higher floors.

11. Shower Flooring: Bathrooms that have handicapped accessible roll in showers – must use molded fiberglass pan or manufactured fiberglass surround unit, non-slip type ceramic floor tiles, or terrazzo flooring.

12. Cabinetry: Kitchen and vanity cabinets with hardwood frames, hardwood veneer panels, with choice of hardwood, plywood, or plastic laminate on high-density particleboard substrate doors and drawers. Laminate countertops at a minimum, with family units to have 2 bowl kitchen sink.

13. Window Covering: Required. A spring loaded type window shade is not an approved covering.

14. Sidewalks: A concrete sidewalk shall be provided from each entrance door to a public way. Where possible, combine sidewalks. In the event the city requires additional sidewalks, that requirement shall be followed. ADA/UFAS/ANSI A117.1 slope and curb cut ramp requirements shall rule.

15. Laundry: A common laundry room located within each building with a minimum of one washer/dryer to serve each 12 units. (A minimum of one front loading accessible washer and dryer located on the main access level.) Central laundry facilities in buildings with an elevator will comply.

Jon Coons, Aequitas Consulting, Inc. (submitted in writing)
In townhome-style apartment developments, a central facility in each building is impractical. Requiring each unit to have W/D hookups, coupled with a centrally located common facility would be a much better

solution. This threshold requirement will be an issue in both new construction and rehabilitation projects. Retrofitting a laundry facility in a rehabilitation would, most likely require taking a rental unit out of production, which could adversely affect the project's Rental Assistance/Interest Credit arrangement on Federally funded developments.

Jeffrey Voorhees, National Consulting Alliance, Inc. (submitted in writing)
…I have noted several items in the QAP that would make it very difficult if not impossible to use the tax credit program with RD properties…:

PROBLEM: Appendix 1, Section 8, Paragraph 15: This requires that there MUST be a laundry in each building. This may make sense in new construction and some rehabs, but almost all RD elderly projects were designed and built with 4 to 6 one bedroom units per building with a common laundry building. Each unit opens directly to the outside without common corridors. The typical elderly project of 24 units would be 6 four-plexes and a separate community/laundry building. It would be impossible to provide 6 separate laundries for only 24 units. Also, the maximum square footage for a 1 bedroom elderly unit is 600 square feet and it would be very difficult and not practical to provide a washer and dryer in each unit.

RD family projects general provide laundries in each building so it is not as big of an issue for family projects.

SOLUTION: Exclude RD elderly projects from paragraph 15.

IFA Response: The Applicant can provide a washer/dryer in each unit in lieu of the common laundry room or central laundry facility. Changed the requirement of the common laundry room from within each building to being on site.

16. Storage Rooms: Should be maintained in compliance with manufacturer's installation requirements for fire safety and Uniform Fire Code which limits flammable and combustible materials.

17. Air Conditioning: All units shall be air conditioned.

18. Handicap Accessibility: In new as well as rehab construction, a minimum of five percent (5%) of all units supplied must be fully handicap accessible on the building accessible routes which includes all floors if an elevator is provided. All units on the accessible routes must be adaptable upon reasonable tenant request for Special Needs. A minimum of two percent (2%) of all units supplied must be adapted for hearing and/or vision impairments. The two percent (2%) cannot be included in the five percent (5%) of the accessible units that must also be provided with hearing and vision impaired equipment. (E.g. with strobes and horns)

19. Construction Warranty: Obtain a minimum of one year construction warranty that is enforceable.

20. Computer Learning Center: The following applies and must be provided: 1) Description of the center's purpose and its intended customers/clients, 2) Focus and objective of center, 3) Time Line, 4) Retrofitting or construction required, 5) Equipment (hardware, software), 6) Staffing of Center, 7) Third Party/Voluntary Organizations participation and funding for initial set up and ongoing maintenance and operational costs, 8) Training Program and Classes, and 9) Budget showing how center will be set up and maintained.

Jon Coons, Aequitas Consulting, Inc. (submitted in writing)
On new construction, I agree with the requirement 100%, but this creates an issue for rehabilitation projects. To add a CLC, either an additional structure would have to be build, or a rental unit taken out of production. In many cases there simply is not enough room to allow for an additional structure, and in Federally-funded projects, the operational cost of the additional structure may be disallowed as a qualified project expense. Taking a unit out of production would require modification of any Rental Assistance agreements, which could trigger a material modification of the existing Federal debt, as Rental Assistance/Interest Credit agreements are closely tied to the mortgage structure. Additionally, the operational cost of running the Computer Center would not be considered a qualified cost when determining project budgets on Federally-funded projects. I would ask that Federally-funded preservation projects be exempted from this threshold requirement, or that the threshold be triggered by HUD's standard of substantial rehabilitation (80% of replacement cost).

John Grosenheider (oral summary)
With our venture in Affordable Assisted Living and helping with special needs projects, things like health and wellness programs on site are just a great idea. I'm also going to include the problems that those things create. This whole idea of forcing us to include computer labs in projects - They're a good idea if you think you have the money to do it, but I can tell you this from an operational stand point, in my opinion, we put them in senior projects to get points and they get used very little. They get put in a family project and they are literally an operational nightmare. And, to force us to do it, I think is wrong. Plus to get into computers with the technical obsolescent that we're dealing with, with that type of a thing, I just think it's the wrong direction.

Have concerns with trying to do everything – don't know if you realize what it does to the project when these nice things are asked for. And, as you force us into some of this stuff, it just continues to drive rents and yet the flipside to continue to deal with your cap restraints. I think you need to be real careful with where you are going.

IFA Response: The Applicant may, in lieu of a computer learning center, provide and maintain a computer in each unit. Recommend a change in the definition of Computer Learning Center in Glossary.

21. High-Speed Internet Access: Provide high speed internet access to each unit by wiring for broadband, wireless, or digital subscriber line (DSL). Service provider is the responsibility of tenant.

H. Submission of Site Characteristics. The Application requires a narrative of the current use of the Property, all adjacent property land uses, the surrounding neighborhood, and identification and distance from services available to the proposed Property. Labeled photographs (or color copies) of the proposed Property and all adjacent properties must be provided, as well as a clear map identifying the exact location of the Project site. In addition, a plat map of the site or proposed replatting map of the site must be submitted. If the site(s) includes any detrimental characteristics, the Applicant must provide a remediation plan and budget, subject to IFA's approval at its sole discretion, to make the site suitable for the Project. If any detrimental site characteristics exist on, or adjacent to the site, IFA may reject the Application. The following may represent some, but not all, detrimental site characteristics:

1. Sites located with ½ mile of storage areas for hazardous or noxious materials, sewage treatment plant or other solid waste facility, businesses or equipment producing foul odors or excessive noise or the site is a prior storage area for hazardous or noxious materials, sewage or other solid or liquid waste;

2. Sites where the slope/terrain is not suitable for Project;

3. Sites where there are obvious physical barriers to the Project;

4. Sites that are located within ½ mile of a sanitary landfill or sites that were previously used as a sanitary landfill;

5. Sites that are located within a flood hazard area, at or on a 100 year flood plain as determined by the Iowa Department of Natural Resources, FEMA or FIRMA map or a designated wetland;

6. Sites that are located within 500 feet of an airport runway clear zone or accident potential zone; or

7. Sites that are landlocked.

I. Rehabilitation Standards. For all preservation and rehabilitation Projects, the IFA requires the Applicant to provide information regarding Rehabilitation Expenditures for each building. The information must address how the Applicant will meet all of the Building Standards and Minimum Construction Characteristics. The Applicant must identify, with respect to each building as required by the Application, the Rehabilitation Expenditures as defined in IRC Section 42(e)(2) which shall be allocable to or substantially benefit the Low-Income Units in such building. The Application must show the calculations for whether the amount of Rehabilitation Expenditures is at least equal to the greater of ten percent (10%) of the expected adjusted basis of the building or a $10,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit. Additionally, the Applicant must indicate that all buildings in the Project qualify for the exception provided for in IRC Section 42(e)(3)(B) regarding the ten percent (10%) basis requirement or that all the buildings qualify for the exception provided for in IRC Section 42(f)(5)(B)(ii)(II) regarding the $3,000 per unit requirement or that there are different circumstances for each building as described by the Applicant. The Applicant must complete and submit a Scope of Work in the required format to describe the proposed rehabilitation activities.

IFA Response: At the start of the last sentence, remove "In addition" and replace with, "If neither the ten percent (10%) or the $10,000 requirement has been met".

I.1 Additional Requirements for Affordability Rehabilitation Set-Aside for 9% Tax Credits. In the case of an Applicant submitting an Application for the Affordability Rehabilitation Set-Aside, the Scope of Work shall, at a minimum, address activities related to:

Kris Saddoris, Conlin Properties (submitted in writing)
I think this should be the Affordable Preservation Set-Aside. I also think it should include the term "to the greatest extent possible". Sometimes it is just not.

IFA Response: Corrected name of Set-Aside. The Scope of Work must address all of the required areas, but does not necessarily require a change in the current building if the expected life of the existing building elements mirror building elements provided in new construction, or are otherwise unnecessary.

1. Making common areas handicap accessible, creating or improving sidewalks, installing new roof shingles, adding gutters, sealing brick veneers, applying exterior paint or siding, and re-surfacing or re-paving parking areas.

2. Improving site and exterior dwelling lighting, landscaping/fencing, and installing high quality vinyl or hardiplank siding.

Kris Saddoris, Conlin Properties (submitted in writing)
Do you really want hardiplank over brick?

IFA Response: Add brick as a site improvement, along with vinyl and hardiplank siding.

3. Use energy efficient related products to replace inferior ones, including insulated windows,

4. Improving heating and cooling units, plumbing fixtures, water heaters, toilets, sinks, faucets, and tub/shower units.

5. Improving quality of interior conditions and fixtures, including carpet, vinyl, interior doors, painting, drywall repairs, cabinets, appliances, light fixtures, and window coverings.

J. Capital Needs Assessment for Rehabilitation, Preservation and Adaptive Reuse Projects. The Application will require the Applicant to acknowledge the Capital Needs Assessment requirement and that IFA will use it in the Carryover evaluation. The Capital Needs Assessment must be prepared by a competent third party, such as a licensed architect or engineer. The third party may be a member of the Development Team with prior approval by IFA after the allocation of Tax Credits, but may not be the Ownership Entity or Developer. The assessment must include a site visit and physical inspection of the interior and exterior of units and structures, as well as an interview with available on-site Property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies. The assessment must also consider the presence of hazardous materials on the site. The assessment must include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. When a Capital Needs Assessment is completed, all of the IFA minimum development characteristics must be addressed.

APPENDIX 2 – GLOSSARY OF TERMS

The following capitalized terms shall have the meanings set forth herein unless context clearly requires a different meaning.

1. Accessibility means buildings used by the public, accessible to, and functional for, the physically handicapped to, through and within their doors, without loss of function, space, or facility where the general public is concerned. An Accessible Route means a continuous unobstructed path connecting all accessible elements and spaces in a building or facility that can be negotiated by a severely disabled person using a wheelchair and that is also safe for and usable by people with other disabilities. Interior Accessible Routes may include corridors, floors, ramps, elevators, lifts, and clear floor space at fixtures. Exterior Accessible Routes may include parking, access aisles, curb ramps, walks, ramps and lifts.

2. Affiliates means a corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any other person, and specifically shall include parents or subsidiaries.

3. Applicable Fraction means the fraction used to determine the Qualified Basis of the qualified low-income building, which is the smaller of the unit fraction or the floor space fraction, as defined more fully in IRC Section 42(c)(1).

4. Applicable Percentage means the percentage multiplied by the Ownership Entity's Qualified Basis to determine the annual Tax Credit available to the Ownership Entity for each year of the Tax Credit Period and as more fully described in IRC Section 42(b).

5. Applicant means the entity that is applying for the Tax Credits.

6. Application or Application Package means those forms and instructions prepared by IFA to make a determination to allocate Tax Credits. Applicants are required by IFA to use the forms contained in the Application Package. The Application must include all information required by the QAP and as may be subsequently required by IFA.

7. Application for Scoring and Determination of Set-Aside means those forms and instructions prepared by IFA to make a determination to allocate Tax Credits. Applicants are required by IFA to supply all items necessary to score the Project and to determine if the Project meets a set-aside that it applied for.

8. Assisted Living means housing with services as defined in Chapter 231C of the Iowa Code.

9. Area Median Gross Income (AMGI) means the most current tenant income requirements published by HUD pursuant to the qualified Low-Income Housing Project requirements of IRC Section 42(g).

10. Board means the Board of Directors of IFA.

11. Builder Overhead means the cost of continuing operations of a building construction firm.

12. **Builder Profit** means the return anticipated for providing building construction services under competitive conditions taking into consideration on-site construction time, work performed by the builder, number of subcontractors and extent of subcontract work and risk and responsibility.

13. **Capital Needs Assessment** means a competent third party, such as a licensed architect or engineer, must prepare the Capital Needs Assessment. The third party may be a member of the Development Team with prior approval by IFA, but may not be the Ownership Entity/Developer. The assessment must include a site visit and physical inspection of the interior and exterior of units and structures, as well as an interview with available on-site Property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies. The assessment must also consider the presence of hazardous materials on the site.

The assessment must include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. The assessment must include a projection of recurring probably expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, to determine the appropriate replacement reserve deposits on a per unit per annual basis. The following components should be examined and analyzed for a Capital Needs Assessment:

- Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas and electric utilities and lines;
- Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage;
- Interiors, including unit and common area finishes (carpeting, vinyl tile, plaster walls, paint conditions, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors; and
- Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, and elevators.

14. **Carryover Allocation Agreement** means the document which contains the Ownership Entity's election statements for an allocation of current year Tax Credit Reservations by IFA pursuant to IRS Section 42(h)(1)(E) and Treasury Regulations, § 1.42-6 and the contents are derived from the Carryover Allocation Package.

15. **Code or IRC** means the Internal Revenue Code of 1986 as amended together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official pronouncements issued there under by the United States Department of the Treasury or the Internal Revenue Service relating to the Low-Income Housing Tax Credit Program authorized by IRC Section 42 to and including October 10, 2001. These documents are incorporated in the QAP by reference and pursuant to 265 IAC §§ 17.4(2) and 17.12(2). A copy of the Internal Revenue Code and Treasury regulations and related information relating to this program are found in the state law library and are available for review by the public.

16. **Community Service Facility** means any facility designed to serve primarily individuals whose income is sixty percent (60%) or less of Area Median Gross Income within the meaning of in Section 42(g)(1)(B). It must meet the following criteria: 1) The facility must be used to provide services that will improve the quality of life for community residents, 2) The taxpayer must demonstrate that the services provided at the facility will be appropriate and helpful to individuals in the area of the Project whose income is sixty percent (60%) or less of Area Median Gross Income, 3) The facility must be located on the same tract of land as one of the buildings that comprises the qualified low-income housing Project, 4) If fees are charged for the services provided, they must be affordable to individuals whose income is sixty percent (60%) or less of Area Median Gross Income, and 5) The Community Service Facility must be located in a QCT.

17. **Compliance Period**, as defined in IRC Section 42(i)(1) as amended to January 1, 1986, means, with respect to any building, the period of 15 consecutive taxable years beginning with the first taxable year of the Tax Credit Period unless extended by the Owner Entity to a longer period of time.

18. **Computer Learning Center** means a physical space or room designated within the Project containing 1 or more computer(s) and related hardware (i.e. printer, modem for internet access) that is part of an organized program that provides computer related opportunities and training that has as it focus at least one of the following areas: job skills training to enhance employment opportunities, introduction to/familiarization with computers, basic adult education, literacy, GED, Economic Development (micro enterprises, small businesses, telecommuting), youth education, senior services, or continuing education. The Computer Learning Center may not be a mobile unit.

19. **Consultant Fee** means a fee paid to a housing consultant. No entity having an Identity of Interest with the Developer may earn a fee for providing services that would otherwise be provided on a fee basis by a housing consultant. Consultant efforts must be directed exclusively towards serving the specific Project being proposed.

20. **Control** (including the terms Controlling, Controls, Controlled by, under common Control with, or some variation or combination of all three) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person or Affiliate thereof, whether through the ownership of voting securities, by contract or otherwise, including specifically ownership of more than fifty percent (50%) of the general partner interest in a limited partnership, or designation as a managing general partner or the managing member of a limited liability company.

21. **Debt Service Coverage Ratio or Debt Coverage Ratio** means the ratio of a Property's net operating income (rental income less operating expenses and reserve payments) to foreclosable, currently amortizing debt service obligations.

22. **Developer** means any individual or entity responsible for initiating and Controlling the development process and ensuring that all, or any material portion of all, phases of the development process are accomplished. Furthermore, the Developer is the individual or entity identified as such in the Ownership Entity Agreement and any and all Development Fee Agreements.

23. **Difficult Development Areas** mean any areas that are so designated by the Secretary of HUD as areas which have high construction, land, and utility costs relative to area median family income.

24. **Disability** means at least one of the following criteria: 1) Has a physical, mental or emotional impairment which: is expected to be of long-continued and indefinite duration, substantially impedes the person's ability to live independently, and is of a nature that such ability could be improved by more suitable housing conditions; OR 2) Has a developmental disability, defined as a severe chronic disability which: is attributable to a mental or physical impairment or combination of mental and physical impairments, is manifested before the person attains age twenty-two, is likely to continue indefinitely, results in substantial functional limitation in three or more of the following areas of major life activity: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and which reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services which are of lifelong, or extended duration and are individually planned and coordinated.

25. **Eligible Basis** means, with respect to a building within a Project, the building's Eligible Basis at the close of the first taxable year of the Tax Credit Period and as further defined in IRC Section 42(d).

25.1 Eligible Basis shall not include garages or storage units or other amenities where the Ownership Entity is charging tenants for the use of the garage or storage unit or other amenities, except when the garage or storage units or other amenities are part of normal rent for all of the units in the Project.

25.2 If a grant is made with respect to any building or its operation during any taxable year of the Compliance Period and any portions of such grant is funded with federal funds, the Eligible Basis of the building for that taxable year and all succeeding taxable years must be reduced by the portion of the grant.

26. **Eligible Basis for Rehabilitation Project** includes the definition of Eligible Basis with the adjustments described in this Section. No Tax Credit is available for acquisition of an existing building unless:

26.1 The building is acquired by purchase;

26.2 Subject to limited exceptions, at least 10 years has elapsed since the building was last placed in service or if more recent the date of certain improvements costing at least twenty-five percent (25%) of the Applicant's adjusted basis in the building;

26.3 The building was not previously placed in service by a related person to the current Applicant. For the purposes of this paragraph "related person" shall have the same meaning as Section 42(d)(2)(D)(iii); and

26.4 The used building is rehabilitated in a manner, which is eligible for Tax Credit.

27. **Evaluators** mean members of IFA Staff, temporary staff hired to evaluate the Tax Credit Applications, or staff from other state agencies, including but not limited to the Department of Human Services, Department of Elder Affairs and IDED.

28. **Frail Older Persons** mean Older Persons requiring assistance with three or more activities of daily living.

29. **General Partner** means the General Partner of a limited partnership or a limited liability limited partnership as set forth in the limited partnership agreement or as otherwise established by the Uniform Limited Partnership Act, Iowa Code chapter 488.

30. **Governmental Entity or Political Subdivision** means federal or state agencies, departments, boards, bureaus, commissions, authorities, and political subdivisions, special districts and other similar entities, their employees, board members or agents.

31. Handicapped Accessible means meeting the construction standards for the unit set forth in Chapter 11 of the International Building Code 2006, or the local building code related to accessibility of units if more stringent.

32. Hard Construction Costs mean the following items: Site Improvements or Work, New Construction, Accessory Buildings, Garages, General Requirements, Trade Items (Building materials), Construction Contingency, Builder's Overhead, Builder's Profit, Bond Premium, Other Fees, Architect's and Engineering Fees—Design, Architect's and Engineering Fees—Supervisory, Rehabilitation.

33. Housing Credit Agency means IFA. Pursuant to Iowa Code Section 16.52, IFA is charged with the responsibility of allocating Tax Credits pursuant to IRC Section 42(h)(8)(A) and pursuant to Iowa Code Section 16.52.

34. HUD means the United States Department of Housing and Urban Development, or its successor.

35. IDED means the Iowa Department of Economic Development.

36. Identity of Interest means a financial, familial or business relationship that permits less than an arm's length transactions. No matter how many transactions are made subsequently between persons, corporations, or trusts Controlled by the Ownership Entity/Developer, these subsequent transactions shall not be considered "arm's-length". Identity of Interest includes but is not limited to the following: the existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors or stockholders; family relationships among the officers, directors or stockholders; the entity is Controlled by the same group of corporations; a partnership and each of its partners; a limited liability company and each of its members; or an S Corporation and each of its shareholders.

37. IFA means the Iowa Finance Authority.

38. IRS means the Internal Revenue Service, or its successor.

39. Joint Review Team means representatives of IFA and the IDED that are appointed by each agency to review Projects that have requested funding by IFA's LIHTC Program and HOME funds. Staff for each agency will make recommendations regarding Tax Credit awards and HOME awards to their respective decision makers. A decision by one agency to fund a Project does not bind the other agency to fund a Project. The failure to provide funds is a financial feasibility issue that could ultimately disqualify the Project from consideration.

40. Land Use Restrictive Covenants a/k/a Land Use Restrictive Agreement (LURA) means an agreement between IFA and the Ownership Entity and all of its successors in interest where the parties agree that the Project will be an affordable housing Project for the length of the Compliance Period elected by the Ownership Entity and upon which the award of Tax Credits was in part, based. The LURA will contain restrictive covenants that must encumber the land where the Project is located for the life of the agreement. The LURA must conform to the requirements of IRC Section 42(h), Iowa Code Section 16.52 and the QAP.

41. LEED Certified means the Leadership in Energy and Environmental Design, a certification developed and operated by the U.S. Green Building Council. (www.usgbc.org)

42. LIHTC means the Low-Income Housing Tax Credit Program authorized by IRC, Section 42.

43. Local Contributing Effort means contributions by local governmental units or by local or regional agencies, public or private. Contributions may include but are not limited to: land, building(s), infrastructure, cash, TIF proceeds, local HOME grants or loans, tax abatement, value received from Enterprise Zone site remediation (Brownfield), private contributions, loans at substantially below market interest rates or with favorable features such as delayed principal and interest, utility costs reductions, employer assisted housing programs (EAH), rent or operating deficit guarantees, the value of a charitable Property tax exemption for Nonprofits, a below market rate loan or grant from the Federal Home Loan Bank through a member bank, infrastructure improvements, (a deferred development fee contributed by a Developer from the location where a Project will be built does not qualify as a Local Contributing Effort.), the value of an in-kind contribution by a tax-exempt organization, tax-exempt bond financing from IFA or from a local Political Subdivision and Property acquired at below appraised value from a local Political Subdivision. A HOME loan from the IDED does not qualify as Local Contributing Effort.

44. Low-Income Unit means any residential rental unit if such unit is rent-restricted and the occupant's income meets the limitations applicable as required for a qualified low-income housing Project.

45. Metropolitan Statistical Area (MSA) means, as defined by the U.S. Office of Management and Budget an area with at least one urbanized area of 50,000 or more population and may include adjacent counties that have a minimum of twenty-five (25%) of the workers commuting to the central counties of the Metropolitan Statistical Area. The MSA list for Iowa is attached to the Application.

46. Older Persons means a person 55 years of age or older, in accordance with State law.

47. Owner Representative means the General Partner or managing partner of the Ownership Entity.

48. Ownership Entity means the entity to which Tax Credits will be or has been awarded.

49. Ownership Entity Agreement means a written, legally binding agreement describing the rights, duties, and obligations of the owners in the Ownership Entity.

50. Project means a low-income rental housing Property the Applicant of which represents that it is or will be a qualified low-income housing Project within the meaning of IRC Section 42(g). With regard to this definition, the Project is that Property which is the basis for the Application.

51. Property means the real estate and all improvements thereon which are the subject of the Application, including all items of personal property affixed or related thereto, whether currently existing or proposed to be built thereon in connection with the Application.

52. Qualified Allocation Plan (QAP) means an allocation plan to select and award Tax Credits to qualified recipients. The requirements of the QAP apply to any tax-exempt bond financed Project. Tax-exempt bond financed Projects must pay particular attention to the Sections of the QAP relating to these Projects.

53. Qualified Basis means, with respect to a building within a Project, the building's Eligible Basis multiplied by the Applicable Fraction, within the meaning of IRC Section 42(c)(1).

534 **Qualified Census Tract** means any census tract which is so designated by the Secretary of HUD and, for the most recent year for which census data are available on household income in such tract, either in which fifty percent (50%) or more of the households have an income which is less than sixty percent (60%) of the adjusted gross median income for such year or which has a poverty rate of at least twenty-five (25%).

55. **Qualified Nonprofit Organization or Nonprofit** means an organization that is described in IRC Section 501(c)(3) or (4), that is exempt from federal income taxation under IRC Section 501(a), that is not affiliated with or Controlled by a for-profit organization, and includes as one of its exempt purposes the fostering of low-income housing within the meaning of IRC Section 42(h)(5)(C) and is allowed by law or otherwise to hold and develop property.

56. **Qualified Residential Rental Property** shall have the same meaning as defined in IRC Section 103.

57. **RD** means the United States Department of Agriculture (USDA) Rural Development Program.

58. **Rehabilitation Expenditure(s)** means depreciable expenditures, which are for Property or improvements that are chargeable to the capital account and which are incurred in connection with the rehabilitation of a building. Rehabilitation Expenditures are not eligible for Tax Credits unless the expenditures are allocable to or substantially benefit one or more Low-Income Units and the amount of such expenditures during any twenty-four month period selected by the Applicant is at least the greater of ten percent (10%) of the Applicant's adjusted basis of the building at the start of the twenty-four month period, or $3,000 per unit. See also, IRC Section 42(e)(2).

59. **Single Purpose Setting** means housing that affords people with disabilities the opportunity to receive the services needed to live independently, and receive the peer support, encouragement and assistance that can enhance their overall quality of life. The Property may not limit occupancy based on the type of disability or election of services offered.

60. **State Ceiling** means the limitation imposed by IRC Section 42(h) on the aggregate amount of Tax Credit Allocations that may be made by IFA during any calendar year, as determined from time to time by IFA in accordance with IRC Section 42(h)(3).

61. **Tax Credit** means the Low-Income Housing Tax Credits issued pursuant to the program, IRC Section 42 and Iowa Code Section 16.52. Tax Credits are determined under IRC Section 42(a) for any taxable year in the Tax Credit Period equal to the amount of the Applicable Percentage of the Qualified Basis for each qualified low-income building.

62. **Tax Credit Allocation or Reservation** amount means, with respect to a Project or a building within a Project, the amount of Tax Credit IFA allocates to a Project and determines to be necessary for the financial feasibility of the Project and its viability as a qualified low-income housing Project throughout the Compliance Period.

63. **Tax Credit Period** means, with respect to a building within a Project, the period of 10 taxable years beginning with the taxable year the building is placed in service or, at the election of the Ownership Entity the succeeding taxable year, as more fully defined in IRC Section 42(f)(1).

64. Special Needs means serving individuals with one or more of the following characteristics: Persons with Disabilities, Older Persons or Frail Older Persons, homeless persons or others needing Transitional Housing, or families participating in programs to achieve economic self-sufficiency.

65. Threshold Application means those forms and instructions prepared by IFA to make a determination to allocate Tax Credits. Applicants are required to supply all items necessary so that IFA can determine if all threshold items have been met.

66. Total Project Cost means the total costs reflected in the Application.

67. Transitional Housing means a unit that contains sleeping accommodations, a kitchen and bathroom facilities and is located in a building which is used exclusively to facilitate the transition of individuals to independent living with 24 months and in which a Governmental Entity or qualified organization provides such individuals with temporary housing and supportive services designed to assist such individuals in locating and retaining permanent housing.

68. Unreserved Tax Credits means Tax Credits that were not awarded by IFA during its most recent round of allocation or are returned to IFA during the current year. These Tax Credits would be eligible for redistribution in accordance with the rules of IFA or may be carried forward to the next year's allocation cycle.

69. Utilities mean gas, electricity, water and sewer service.

OTHER COMMENTS

Bob Burns, Jesse Burns, Alaina Welsh, Jerry Burnes, Tracy Falcomata (submitted in writing)
Exhibit 8T Development Team Narrative

Item 9. Management Company
The management agent is one of the most important team members and should be determined at the time of application rather than later.

Matt Hektoen, Hatch Development Group (submitted in writing)
My initial impression is that IFA has done a much better job organizing the application by placing the threshold requirements in one place instead of scattered throughout the application. I also think IFA has helped developers by breaking the application into three steps. In previous years, the application has appeared overwhelming and anything IFA does to alleviate that feeling is a good thing…

Doug LaBounty, Community Housing Initiatives (submitted in writing)
…We appreciate the extensive effort that IFA has put into the 2008 QAP. As a result, we really feel that IFA has correctly focused the LIHTC program on the project, rather than on the application.

Renie Neuberger (submitted in writing)
The draft 2008 QAP reflects many positive improvements over past QAP's…

Kris Saddoris, Conlin Properties (submitted in writing)
This process has been very positive this year, and we greatly appreciate the opportunity to work in partnership with IFA throughout this process. It is also very helpful to have the application documents out so quickly. Thanks to the allocation staff….

4.4.3 - The app should prefill this number on the application. (is referring to replacement reserves)

4.8.2 – App. should pre-fill these amounts.

… We had some very positive discussion at the public hearing regarding the flavor of the QAP this year, and what one developer called its "split personality". While the QAP makes strides to address affordability and financial balance, it then couples those with many other requirements to "doll up the deal".

I shared my concern with viewing the program through the eyes of the end user. What does the single mother really want? The elderly resident? I very much support IFA's work to bring a stronger financial focus to these deals which are in essence, mini-businesses which must be able to survive financially. But, when coupling additional requirements into the development of the property, we need to carefully consider whether each item is worth raising the rent of our joint client.

Terry Vestal, Iowa Dept. of Economic Development (submitted in writing)
…The above comments are aimed solely at the HOME funding requirements and the impact, or potential impact, the proposed '08 QAP may have on those applicants seeking HOME funds under the joint application process. Our comments are offered in the spirit of cooperation and coordination in the joint agency effort. We believe that the above noted proposed changes, if implemented, will lessen the compatibility of the two programs…

Jeffrey Voorhees, National Consulting Alliance, Inc. (submitted in writing)
I have had an opportunity to review the proposed QAP for 2008 and would like to compliment IFA on many significant changes that will improve the application and allocation process for 2008. As someone who has spent a significant portion of my career in developing and operating Rural Development ("RD") properties, I was especially pleased with changes that are supportive of the preservation of existing RD projects….