

OVERVIEW OF CHANGES FOR THE 2017 9% QUALIFIED ALLOCATION PLAN

Introduction

- Updates the schedule with applications due on November 4, 2015 and awards presented at the March 2017 Board Meeting. This moves the application deadline up by a month from previous years.
- Adds Qualified Service Provider documents to be due at the same time as the Nonprofit set-aside documents.
- Adds a Pre-closing review to the timeline

Part A: Requirements for 9% Tax Credits

- 2.1 Updates the Per Capita Tax Credit amount.
- 2.2.2 Integrates the Housing for the Homeless Set-Aside into the competitive round. Previously, these applications were reviewed on a different timeframe. Prohibits an Applicant from using the same Project to apply for this set-aside and any other set-aside, including the General Pool. Increases the number of tax credits available for this set-aside from \$800,000 to \$820,000. Increases the Tax Credits per LIHTC Unit for this set-aside.
- 2.2.3 Eliminates the Senior Set-Aside.
- 2.2.4 Reduces the Rural Set-Aside from 15% to 10% of all available tax credits.
- 2.3.1 Raises the Developer Cap from \$1,200,000 to \$1,230,000.
- 2.3.2 Raises the Project Cap from \$800,000 to \$820,000.
- 3 Updates application process language.
- 3.1 Updates Joint Review language.
- 3.2.1.1 Amends the Mandatory Developer Training section to require developers who have not submitted an application in the past 3 9% LIHTC rounds to attend the mandatory developer training. Prior years the requirement has applied to any Applicant.
- 3.2.2 Moves requirements for New Tax Credit Developers to Section 5.4.2.1 under Section 5.4.2 – Qualified Development Team
- 3.3 Eliminates redundant language relating to what is public information.
- 3.3.3 Removes State HOME language. Adds requirements for the Qualified Service Provider.
- 3.3.7 Fees
 - Decreases fee for multiple primary market areas from \$3,000 to \$2,700.
 - Creates a flat application fee of \$2,500.
 - Increases the Construction Monitoring fee from \$2,000 to \$2,500.
 - Amends Legal fee language.
- 3.3.8 Adds Housing for the Homeless language and removes the Senior set-aside.
- 4.1.3 Debt Service Coverage (DSCR)
 - Narrows the Debt Service Coverage ratio average range between 1.2 and 1.5 to 1.2 and 1.4.
 - Decreases the upper limit that one year's DSCR cannot exceed from 1.8 to 1.6.
- 4.1.3.1 Provides an exception to the DSCR limits from projects that have 25 units or less.
- 4.1.8 Requires Applicants to use state and federal historic tax credits as funding sources to be eligible for historic significance points.
- 4.2.1 Raises the minimum per Unit Operating expenses for senior projects from \$2,920 to \$3,400.
- 4.2.2 Raises the minimum per Unit Operating expenses for family projects from \$3,450 to \$3,600.
- 4.5.3 Prohibits IFA from considering multiple funding sources for a Project. This provision was previously contained in a different section of the QAP.
- 4.5.4 Allows a project to apply for funding from the National Housing Trust Fund. Allows projects to provide alternate funding sources in the form of a General Partner loan or a deferred developer fee, if the project does not receive an award from the National Housing Trust Funds.
- 4.6.1 Prohibits Developer fees from being increased after the initial application submission. Decreases the maximum percentage allowed for the rehabilitation portion of the Developer fee from 16% to 15%.

OVERVIEW OF CHANGES FOR THE 2017 9% QUALIFIED ALLOCATION PLAN

- Decreases the maximum percentage allowed for the acquisition portion of the Developer fee from 6% to 5%.
- 4.6.3 Removes the provision that IFA can make adjustments to the Developer, Consultant or Builder fees during the Application process.
- 4.7.2 Adds a hard cost construction contingency range of 4% to 6% from a flat 5% of Hard Construction Costs.
- 4.9 Costs
 - Adds Workforce Housing sales tax rebates into the calculation of Total Project Costs, similar to other rebates.
 - Removes Operating Reserves from the Unit Cost Cap calculation.
 - Raises the Unit Cost Caps.
- 4.9.1 Raises the Tax Credit per LIHTC Unit by 2.5%.
- 4.11 Allows projects to apply for an award from the National Housing Trust Fund program if funds are received from the federal government.
- 5.4.1.2 Allows IFA to require an additional appraisal if reasonable cause exists.
- 5.4.2 Clarifies Qualified Developer Team language.
- 5.4.2.1 Adds New Developer language from 3.2.2 and clarifies who is classified as a new developer.
- 5.4.3 Clarifies language
- 5.4.4 Moved to 5.10-Acknowledgements
- 5.4.5 Moved to 5.10-Acknowledgements
- 5.10 Adds an Acknowledgments section
- 5.14 Moved to 5.10-Acknowledgements
- 5.15 Moved to 5.10-Acknowledgements

Section 6 - Scoring:

- Introduction – Clarifies language
- 6.1.1 Serves Lowest Income Residents - Requires elected AMI percentages to be maintained throughout the 30 year period.
- 6.1.3 Serves Tenant Population of Individuals with Children - Increases the points from 4 to 8 and increases the percentage needed to receive these points from 10% to 20%. Reduces the number of bedrooms required from 4 to 3 and requires the units to have at least two full baths.
- 6.1.4 Provides Opportunity for Homeownership (ROSE program) - Reduces points from 25 to 15 and clarifies language.
- 6.2 Removes the Location Near Services points and realigns Location subsections.
- 6.2.1 Great Places - Clarifies language and reduces the points from 3 to 2.
- 6.2.2 Density - Adds new section for projects that are located in a census tract with a low percentage of current LIHTC units, up to 5 points.
- 6.2.3 Iowa Opportunity Index - Splits section into high and very high opportunity areas.
- 6.2.4 Local Contribution – Reduces the total points from 21 to 14 points.
- 6.2.4.1 Government Contribution - Reduces the points from 3 to 2 for each one percent of contribution compared to the Total Project Costs, up to 10 points.
- 6.2.4.2 Community Contribution – Establishes points for cash or land contributions made by a local entity to a Project. 1 point for each full one-half percent of Total Project Costs contributed, up to 4 points.
- 6.3.1 Market Appeal - Reduces points from 36 to 29.
 - Removes Free On-site Parking from options.
 - Adds ceiling fan/light combinations and kitchen exhaust fans that exhaust to the exterior for 2 points each.
- 6.3.2 Projects with Historical Significance - Reduces points from 10 to 7.

OVERVIEW OF CHANGES FOR THE 2017 9% QUALIFIED ALLOCATION PLAN

- 6.3.4 Construction Characteristics - Increases points from 15 to 18. Adds Universal Design section up to 3 points.
- 6.3.5 Olmstead Goals - Reduces total points from 19 to 13.
- 6.3.6 Impact on Environment - Reduces points from 12 to 10. Adds high efficiency central boilers and central water heaters for 1 point each and moves interior paints, adhesive and caulking requirements to Appendix 1 as threshold items.
- 6.4.1 Iowa Title Guaranty - Reduces points from 10 to 7.
- 6.4.2 Developer or GP/MM Experience - Adjusts language to ensure that the experience was earned while performing the duties of the same role that the entity is performing in the application. Adds 3 points for Developer, GP/MM meeting IFA's application due dates.
- 6.4.4 Construction Costs - Adds new section for percentage of Hard Construction Costs compared to Total Development Costs - up to 4 points.
- 6.4.5 Capital Needs Assessment - Adds new section for Acq/Rehab Projects that submit a CNA with the threshold application - 8 points.
- 6.4.6 IFA Multifamily Construction Loan Program - Adds new section for Projects who use the Multifamily Construction Loan Program - 3 points.

Notice of the Tax Credit Award

- 7.2.1 Technical correction.
- 7.5 Allows IFA to rescind a tax credit allocation to a Project if any of the listed funding sources will not be available in the stated amount and under the terms described. Allows IFA to waive this limitation if the changes are in the best interests of IFA and affordable housing.
- 7.5.1 Pre-Closing requirement – Requires the Developer to receive written approval from the LIHTC Manager prior to closing on all forms of financing.
- 7.8 Appeals - Removes redundant sections that are outlined in 265 IAC Chapter 7.

Post Reservation Requirements

- 8.9.1 Adds Completed Energy Star checklists and Energy Certificates required prior to Placed-in-Service.

Terms and Conditions

- 9.3 Removes reference to HOME funds.

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

- A-Site Control - Updates and clarifies site control requirement language.
- B-Site Suitability - Moved to section H.
- F-Building Standards - Updates state and federal standards.
- G-Minimum Development Characteristics
 - G-1 - Adds durable siding language.
 - G-2 - Updates shingle requirements.
 - G-8-10 - Adds interior paints, adhesive and caulking requirements – moved from section 6.3.6
 - G-12 - Removes carpet with recycled content restriction.
 - G-25 - Energy efficiency-updates language
- H-Site Characteristics - Adds language from Section B-Site Suitability

Appendix 2-Glossary of Terms

Amends and adds glossary terms.