

**LOUISIANA HOUSING FINANCE AGENCY
LOW-INCOME HOUSING TAX CREDIT PROGRAM
RESERVATIONS OF GULF OPPORTUNITY AMOUNT CREDITS
CALENDAR YEAR 2007 & 2008
("GO ZONE QAP")**

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I. GENERAL

The devastation to Louisiana's housing stock and the acute housing crisis caused by Hurricanes Katrina and Rita demand that thousands of additional affordable housing be produced to shelter the tens of thousands of displaced Louisiana residents desiring to return home. Louisiana's GO Zone Qualified Allocation Plan has been developed in coordination with the Governor's Office of Community Development ("OCD") and the Louisiana Recovery Authority ("LRA").

A. GO Zone Credits: Pursuant to the Gulf Opportunity Zone Act of 2005 (the "GO Zone Act") and in response to Hurricanes Katrina and Rita, the United States Congress provided a number of tax benefits for areas defined as GO Zones. The increase in the housing credit ceiling for the State of Louisiana that may be allocated by the Louisiana Housing Finance Agency (the "Agency") to buildings located in the GO Zone of the State of Louisiana (the "State") is equal to \$18.00 multiplied by the portion of the State population which is in the State's GO Zone. This additional housing credit dollar amount is referred to as the "Gulf Opportunity Amount" or "GO Zone Credits." The Louisiana Housing Finance Agency (the "Agency") will use this GO Zone QAP as the framework for reserving the GO Zone Credits for 2007 and 2008 to projects in the State's GO Zone. Applicants for GO Zone Credits are advised that the following elements will be reflected in processing, administration and compliance monitoring under this GO Zone QAP:

- At least seventy-five percent (75%) of the 2007 and 2008 GO Zone Credits will be reserved to parishes with significant numbers of rental housing units suffering damage caused by Hurricanes Katrina and Rita. A copy of this damage assessment is available on the Agency's web site.

-The Agency intends to reserve GO Zone Credits for developments in parishes in proportion to the damage to rental housing units sustained in such parishes from Hurricanes Katrina and Rita. The Agency intends to allocate sufficient credits to at least one project from each of eight parishes with severe or major damage to the rental housing stock to make sure at least one project in each parish is reserved GO Zone Credits.

-A reservation to a qualified nonprofit sponsor may be made to such qualified nonprofit sponsor with a lower overall score in order to satisfy the statutorily mandated ten percent (10%) set aside to qualified non profit sponsors.

- All projects that are placed in service during calendar years 2006 through 2010 will be required to be registered in a Housing Locator Database to facilitate the identification of units that may be occupied by displaced Louisiana residents and by members of the *Eligible Target Population for Permanent Supportive Housing*.

-Every Project receiving GO Zone Credits will be obligated to accept households referred to such properties by either LRA/OCD, the Agency, local public housing authorities (“PHAs”) or the Louisiana Family Recovery Corps, provided that such households are otherwise qualified under the property’s management and operating plan and such households have, if necessary to meet the property’s rent payment standards, either (i) acceptable Section 8 housing vouchers or (ii) another method of rental assistance, including the State Project Based Rental Assistance, recognized by the IRS that will not be treated as a federal grant.

-A portion of the 2007 and 2008 GO Zone Credits will be allocated to projects that were processed in the 2006 2nd Round pursuant to the rules as modified herein under the 2006 Amended QAP.

-Reservations and allocations of GO Zone Credits will be subject to rescission and/or recapture by action of the Agency’s Board if there are material deviations from the dates required to be specified in the *Project Schedule*.

B. GO Zone: A list of the parishes in the GO Zone for Louisiana, including the population of each parish as determined by the latest census data is available from the Agency.

C. Policy Objectives of Road Home Housing Programs: The GO Zone QAP more specifically targets resources to developments that achieve the State’s policy objectives of providing needed workforce housing and providing replacement housing for extremely-low-income evacuees without replicating the excessive concentration of poverty that was prevalent prior to Hurricane Katrina. As LRA attains the production targets contained in *The Road Home Housing Programs Action Plan Amendment for Disaster Recovery Funds (Road Home Plan)* through cooperative arrangements with HUD, local PHAs and other housing finance or subsidy providers to achieve deep affordability targets, CDBG Funds will be made available through the Agency to be used with tax exempt bond financing and the 30% present value tax credit to increase the production of affordable housing in the GO Zone.

D. Mixed Income Developments: Mixed Income Developments are intended by the LRA and OCD to demonstrate best practices in neighborhood revitalization, de-concentration of poverty, and smart growth. The following factors summarize the key public-purpose objectives of the program that must be addressed by the *sponsor* of a Mixed Income Development in a narrative not to exceed fifteen (15) pages:

- **Affordability** – LRA and OCD wish to stimulate production of units that will be affordable to important workforce populations such as teachers, police, nurses, and firefighters. Accordingly, LRA and OCD will consider the level of market rents projected (relative to Area Median Income), and whether the *sponsor* proposes to accept a restriction on the rents to be charged for the units (and if so, the rent level and duration of that restriction).
- **Mixed-Income Plan** – the quality of the *sponsor*’s plan for creating a viable mixed-income community, the likelihood that the *sponsor* will successfully create a viable mixed-income community, the *sponsor*’s experience in providing high quality market-rate rental housing, the *sponsor*’s familiarity with and prior success in developing in the

vicinity of the proposed mixed income community, and the *sponsor's* experience in providing high quality affordable rental housing.

- **Quality** – quality of design/appeal, whether the design is consistent with the neighborhood, the proposed unit sizes and features and *amenities*, and consistency of the location and proposed design with smart growth principles.
- **Other Public Purposes** – the extent of support for the project from the neighborhood and the local government, the compatibility of the project with the locality's Consolidated Plan, whether the development is consistent with the community-based planning process instituted by LRA, and how the proposed project will facilitate the economic and social improvement of the neighborhood.

FAILURE TO PROVIDE A COMPLETE NARRATIVE SHALL DISQUALIFY AN APPLICANT FOR CONSIDERATION AS A MIXED INCOME DEVELOPMENT ELIGIBLE FOR CDBG FUNDS.

Scoring Criteria: Leverage and Financial Efficiency. Mixed Income Developments will need to score the impact of a project's ability to leverage resources, support, and program income in exchange for public funds. The following criteria for Mixed Income Developments will be scored as part of the underwriting of a Mixed Income Development:

- Amount of Gap Financing requested as a percentage of total development cost - Criteria V(E).
- The extent of local government financial support – Criteria VII(A).
- Whether additional low-income units are proposed – Criteria I(A).
- The proposed level of builder/developer fees – Criteria VII(B) and VII(E).
- The interest rate proposed to be paid on the Gap Financing funds – Criteria V(F).

E. Reservation of Tax Credits: At least 10% of the Tax Credit Ceiling must be set-aside for use by qualified non-profit organizations which must materially participate in the development and operation of a qualified low-income housing project for at least the 15 year compliance period of the LIHTC Program in accordance with the requirement of Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"). Tax Credits under the LIHTC Program will be available only with respect to projects or buildings (including certain qualified rehabilitation expenditures incurred through the first taxable year of the credit period) for which an audit by an independent certified public accountant is submitted of a project's sources and uses and eligible basis.

F. Carryover Allocation of Tax Credits: Projects may qualify for a carry-forward allocation of tax credits pursuant to a Ten Percent (10%) basis exception approved by the Agency. Since a variety of tax benefits for projects in the GO Zone are lost under current law if a building is not placed in service by the end of 2008, the Agency requires that all carryover documentation be submitted for 2007 and 2008 GO Zone Credits by March 1, 2007. Carry forward allocation documentation, including an appropriate attorney or CPA opinion in the format prescribed by the Agency, will require evidence that expenditures of at least ten percent

(10%) of a project's cost has been incurred on or before March 1, 2007. Absent exceptional circumstances, this deadline will not be extended.

G. CDBG Funds Under Louisiana CDBG-LIHTC Piggyback Program Description:

The OCD is providing approximately \$667 million of CDBG Funds in the form of a *State Project Based Rental Assistance*, a *State Flexible Subsidy*, a *State Additional Affordability Gap Financing*, a *State Permanent Supportive Housing Gap Financing* and/or a *State Supportive Services Grant* to be used in connection with *Permanent Supportive Housing*. CDBG Funds used in combination with either low income housing credits allocated under the State's housing credit ceiling or low-income credits generated in connection with buildings financed by tax-exempt bonds subject to volume cap in accordance with Section 42(h)(4) of the Code. CDBG Funds used with GO Zone Credits will support the following three types of eligible properties:

(i) Mixed Income Projects: These are properties in which between 60% and 80% of the units are not restricted by rents or income, except in the case of a Priority Neighborhood Supported Project or Poverty De-concentration Project where up to seventy percent (70%) of the units may be rent or income restricted with not more than one third (1/3) of the units set aside for households at or below forty percent (40%) AMI.

- LRA/OCD requires that Mixed Income Projects will qualify for CDBG Funds only if at least and not more than twenty percent (20%) of the units are set aside for households whose family incomes are not in excess of forty percent (40%) of the area median income. Selection Criteria rewards developments that elect to provide deeper affordability in connection with this minimum twenty percent (20%) set aside. Unless otherwise waived by the LRA/OCD, a Mixed Income Property receiving CDBG Funds must also assure that at least fifty one percent (51%) of the residents at initial occupancy have incomes at or below eighty percent (80%) of the area median income adjusted by family size. Mixed Income Projects satisfying the deep affordability requirements of LRA/OCD are eligible for a *State Project Based Rental Assistance* or a *State Flexible*. Sponsors of such Mixed Income Projects may receive CDBG Funds for not more than two Mixed Income Projects subject to a \$22 million limit per Mixed Income Project outside of Orleans Parish and \$27 million within Orleans Parish.

-Mixed income Projects that do not qualify for CDBG Funds must evidence either (a) *Project Based Subsidy* other than the *State Project Based Rental Assistance* for any units set aside for households at or below 50% of area median income or (b) pro forma cash flows demonstrating that any set asides for households at or below 50% of area median income may be supported without a *Project Based Subsidy*.

(ii) Additional Affordability Projects and Additional Affordability Units: The LRA/OCD proposes that smaller and less dense projects constituting an *Additional Affordability Project* have equal twenty percent (20%) set asides for households in each of the following income classes:

- (a) at or below twenty percent (20%) AMI,
- (b) above 20% AMI but less than or equal to thirty percent (30%) of the AMI,
- (c) above 30% AMI but less than or equal to forty percent (40%) of the AMI and
- (d) above 40% AMI but less than or equal to fifty percent (50%) of the AMI.

-Sponsors of Properties of Additional Affordability Projects qualify for a *State Project Based Rental Assistance* but must select one of three Rent Payment Standards in connection with each Additional Affordability Unit. The Rent Payment Standard will be based upon rents at one of the following:

- fifty percent (50%) area median income,
- fifty-five percent (55%) of area media income or
- sixty percent (60%) area median income.

The *State Project Based Rental Assistance* will equal the difference between (x) the Rent Payment Standard that includes a tenant-paid utility allowance and (y) the Maximum Tenant Paid Rent based upon income restrictions associated with the unit receiving the Louisiana Project Based Rental Assistance. *State Additional Affordability Gap Financing* is also available to properties with Additional Affordability Units.

-LRA/OCD expects properties other than Additional Affordability Projects to commit to providing *Additional Affordability Units*. LRA/OCD prefers that properties use rental assistance first from programs other than *State Project Based Rental Assistance*; however, if rental assistance from another program is not available for *Additional Affordability Units*, then CDBG Funds in the form of *State Project Based Rental Assistance* will be made available.

(iii) Set Aside For Special Household Types and Permanent Supportive Housing Projects: OCD will make available funds for State Supportive Service Grants to Local Lead Agencies (“LLA”) designated by DHH/DSS or to joint grant applications by a Permanent Supportive Housing Project and an LLA. All properties receiving GO Zone credits and/or CDBG Funds must set aside at least five percent (5%) of the total units for households constituting an *Eligible Target Population for Permanent Supportive Housing*. Elderly Housing Projects must set aside five percent (5%) of their units for elderly households referred to such projects by a LLA. LLA’s will arrange to refer members of the *Eligible Target Population for Permanent Supportive Housing* to project sponsors and to provide supportive services to such members of *Eligible Target Populations for Permanent Supportive Housing* that sponsors accept for occupancy. This set-aside should consist of a mix of accessible and non-accessible units and cannot be made up of more than 50% of the accessible units required under Section 504. PSH units should be integrated throughout the development and should not be segregated to one area of a building or development.

After the award of tax credits, a project sponsor will enter into an agreement with the LLA that will outline roles and responsibilities regarding these set-aside units as *Permanent Supportive Housing*. If the LLA is unable to commit to support clients with appropriate services on substantially the same basis after the funds from LRA/OCD expires, the Taxpayer/Developer’s obligation to participate in the set-aside program ceases. However, the Taxpayer/Developer will remain subject to any leases with a member of an *Eligible Target Population for Permanent Supportive Housing* in accordance with applicable State and local laws. If an LLA can commit to continue to support clients with appropriate services, the Taxpayer/Developer must continue to maintain the set-aside for households constituting an *Eligible Target Population for Permanent Supportive Housing* until the expiration of the Extended Use Period required by Section 42 of the Code.

Permanent Supportive Housing Projects receive special bonus point incentives in the GO Zone QAP but must provide at between fifteen percent (15%) and fifty percent (50%) of a Project's units to members of an *Eligible Target Population for Permanent Supportive Housing*. These properties qualify for a *State Project Based Rental Assistance*, a *State Flexible Subsidy*, a *State Additional Affordability Gap Financing* and/or *State Permanent Supportive Housing Gap Financing*. As with the 5% set-aside for PSH, OCD will make available funds for *State Supportive Service Grants to Local Lead Agencies*. PSH project sponsors will enter into a post-award agreement with the LLA pursuant to which the LLA will make referrals and arrange for services. While this arrangement is encouraged, PSH project sponsors will also have the option of submitting to OCD a joint application with the LLA for a *State Supportive Services Grant* after the award of GO Zone Credits but not later than the carryover certification deadline established for the GO Zone Credits. If PSH project sponsors wish to pursue this option and make a joint application with the LLA, they must submit a letter of support from the DHH/DSS-designated LLA as part of their application for GO Zone Credits. Permanent supportive housing units should consist of a mix of accessible and non-accessible units and cannot be made up of more than 50% of the accessible units required under Section 504. PSH units should be integrated throughout the development and should not be segregated to one area of a building or development.

H. Security Interest in the Contract for CDBG Funds: The LRA/OCD will provide a binding CDBG Funds Commitment Agreement simultaneously with the award by the Agency of GO Zone Credits for the amount and form of CDBG Funds. The CDBG Funds Commitment Agreement will be subject to the Taxpayer satisfying all of the conditions of the GO Zone Credit and CDBG Funds award and the commitment of the Taxpayer to meeting the benchmarks established in the Project Schedule. The CDBG Funds Commitment Agreement for *State Project Based Rental Assistance*, a *State Flexible Subsidy*, a *State Additional Affordability Gap Financing* and/or *State Permanent Supportive Housing Gap Financing* may be pledged to creditors and other financial parties committing funds to develop an approved project.

I. Placed in Service, Annual and HOME/CDBG Funds Audit: (i) Placed in Service Audit: The Financing Certification, Syndication Cost Certification, *GAAP Audit* and *Baseline Operating Budget* must be received by not later than the April 1st of the calendar year following the year in which the Project is placed in service. The *GAAP audit* must specifically identify any unexpended contingency construction reserve and any operating/rent up reserve. The carry forward allocation of credits is subject to recapture if required certifications, audit and *Baseline Operating Budget* are not received by such date. The Taxpayer/Owner may request only a one-year extension for submission of the certificates and audits from the Agency and only if the Taxpayer has elected to begin the first year of the credit period following the year in which the Project is placed in service. Payment of developer fees to CHDO or non-profit partners partnering with a for-profit as a co-developer must be shown as fully paid in the placed in service audit. CHDOs and non-profit partners must receive not less than twenty percent (20%) of the Developer Fee for transactions receiving tax credits.

(ii) Annual Audit: Following the placed in service date of a project, Taxpayers must submit annual hard copy and electronic audits to the Agency in a format prescribed in the Agency's *audit instructions* and using the Chart of Accounts prescribed by the Agency. All cash distributions and withdrawals from operating reserves and/or reserves for replacement must be explained in footnotes to the audit and all payments to *Related Persons* and

contractors with an *identity of interests* to the Taxpayer/Owner must be identified. Annual audits must be received by not later than April 1st of each calendar year if the fiscal year is a calendar year or not later than ninety (90) days following the end of a fiscal year that is not a calendar year. All audits must be submitted to:

Louisiana Housing Finance Agency
Attn: Internal Audit Department
2415 Quail Drive
Baton Rouge, Louisiana 70808

(iii) HOME Funds or CDBG Funds Annual Financial Audit: To the extent that either HOME Funds or CDBG Funds are invested in or loaned to a project receiving GO Zone Credits, annual audits will be required to determine the amount of HOME and/or CDBG that are to be repaid or returned in accordance with the repayment terms established in any note, agreement or financing document evidencing the investment of such funds. Repayment of such funds from *Surplus Cash* is expected in accordance with the *Surplus Cash* evidenced in *Baseline Operating Budget*. A *Baseline Operating Budget* is contained in the approved Application but may be adjusted at the HOME/CDBG Funds Closing with the Agency's approval.

J. Compliance Training Requirements: Taxpayer/Owners will be required to evidence to the Agency at least ninety (90) days prior to a Project's Placed In Service Date that the proposed on-site manager or the Management Company has completed compliance training within the prior (12) twelve months in a program deemed acceptable to the Agency in accordance with industry recognized training standards. No Form 8609 will be issued without evidence of such training.

K. Fees to CHDO or Non-profit General Partner: Prior to delivery of Form 8609 a for-profit co-general partner with a CHDO or non-profit general partner must certify payment of the fee paid to the CHDO or non-profit general partner is consistent with Development Services Agreement submitted with the Tax Credit Application. Developer Fees to CHDOs or non-profit general partners in partners in connection with projects receiving an allocation must not be less than twenty percent (20%) of the total Developer Fees.

L. Certification of Architectural Plans and Specifications: At least 45 days prior to commencement of construction or *Substantial Rehabilitation* of a project, the owner must submit a certification of the project's architect that (i) the unit configuration by bedroom size and square footage by bedroom size is consistent with the configuration in the project's Application, (ii) the project as completed complies with Fair Housing Accessibility Guidelines, (iii) if HOME or other federal funds have been invested, the project as completed complies with Section 504 of the Rehabilitation Act of 1973 and (iv) if the project qualified for a designated pool or for bonus points based upon architectural/design requirements, that the project is being constructed in accordance with the criteria established for the designated pool and/or bonus points.

M. Nondiscrimination and Accessibility Requirements Based Upon Disability: Projects must comply with Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act of 1990, the Fair Housing Act, as amended, and the respective implementing regulations at 24 CFR Part 8, 28 C.F.R. part 35 and 24 C.F.R. Part 100.

N. Federal Requirements Regarding Projects to be Newly Constructed or Rehabilitated with HOME Funds, CDBG Funds or Operating Subsidies Under Section 9(e) of the 1937 Housing Act:

(i) Davis-Bacon Requirements: Contracts for the construction or rehabilitation of structures financed with HOME Funds, CDBG Funds or Operating Subsidies Under Section 9(e) of the 1937 Housing Act must contain, unless otherwise waived by the Agency's Board based upon an opinion of the Agency's counsel that such waiver is permitted by federal regulations, provisions requiring prevailing wage rates and overtime requirements, as established in the applicable wage rate determinations issued by the local HUD Labor Relations Field Staff.

(ii) Site and Neighborhood Standard for Projects to be Newly Constructed or Rehabilitated: Site and neighborhood standards requirements of 24 CFR 941.202 shall be conducted by the Agency and/or the HUD Field Office.

(iii) Environmental Review Requirements: Projects must meet the required environmental review procedures pursuant to a review completed by a "responsible entity" as defined in 24 CFR Part 58 ("Part 58"). No agreement or commitment of funds for the development, or rehabilitation of a Project or any provision of assistance for such a Project may be provided before an environmental review is completed and (where required under Part 58) HUD has approved a Request for Release of Funds.

O. Threshold Requirements: In order to be processed for a reservation of tax credits, an application must provide:

1. *Site Control*: Site control documentation in the form of either a fully executed purchase agreement, an option to purchase or a valid title in the name of the taxpayer or developer.
2. *Zoning*: Appropriate zoning evidence in the form of (i) an official local jurisdiction map that the site is actually zoned for the proposed project type or (ii) a letter from an official of the jurisdiction stating either that (a) the proposed project is consistent with existing zone requirements or (b) if the site is not currently zoned for the project type, that changing the existing zoning requirements to permit the project to be constructed will be completed by a date certain (not later than the date specified in the QAP for tax credit reservations).
3. *Infrastructure*: Evidence of essential infrastructure and proximity to other services:
 - (i) Utilities: Evidence of electrical, water and sewer lines to the property site, or if such facilities are not currently available, how such facilities will be available to the site;
 - (ii) Transportation: Evidence that reasonable transportation services are currently proximate to the site or, if such transportation services are not, a narrative statement of how tenants will access commercial, educational, recreational and other services upon completion of project;

(iii) Educational Facilities: Evidence that (a) primary educational facilities are reasonably available to school-age children of tenants if the project is for family units or, if such facilities are not, a narrative statement of how school-age children will access public educational facilities and (b) the local public school system has been notified about the estimated prospective population count of school age children in the project when the project is placed in service.

4. *Environmental Review*: All projects involving use of existing structures must submit an Environmental Restrictions Checklist completed by a professional licensed to conduct environmental testing. Any finding that environmental hazards exist must be mitigated or abated in accordance with an Operating and Maintenance plan that addresses how each hazardous material or condition will be addressed, including the training of on-site personnel in accordance with applicable local, State and Federal laws or regulations.
5. *Tenant Referrals from LRA/OCD, PHAs, Louisiana Family Recovery Corps and the Agency*: Taxpayer shall acknowledge and agree to rent low income units to households referred by the LRA/OCD, Louisiana Recovery Corps or the local PHA if the tenants referred to the Taxpayer satisfy the requirements of the Project's Management and/or Operating Plan.
6. *Minimum Internet/Cable Capacity Requirements*: All units must have three (3) distinct networks installed in the living area and each bedroom capable of being accessed and activated by tenants: (i) telephone network installed for phones using CAT5e or better wiring, (ii) network for data installed using CAT5e or better, networked from the unit back to a central location or similar configured wireless network and (iii) TV services network using COAX cable. The wiring for such networks should be available to tenants free of charge but tenants may be charged a fee by the Taxpayer for activating and making available any services provided directly by the Project or through third party providers.

II. APPLICATION SUBMISSION

A. Competitive Applications: Applicants for GO Zone Credits must submit one original LIHTC Application with original signatures plus one copy, along with a non-refundable Application Fee and Analysis Fee (and the Subsidy Layering Review Fee, if applicable). A fee must be computed in accordance with the Non-Refundable Fee Schedule specified in Section VII.

Applications Must be Complete: Applications must be complete and be accompanied by the appropriate fees in order to be reviewed by the Agency. Fees must be paid only by cashier's check or money order. An Application must be submitted on the official Agency approved Application diskette. A hard copy of the Application as printed from the completed diskette must also be originally executed and transmitted to the Agency, along with one copy of the executed version. Both the original and copy of each Application shall have every section and/or Appendix tabbed. The Application should not be in a fixed binder. Spiral

binding, however, is acceptable. Failure to tab the Application will result in penalty points being assessed. An Application submitted on the Agency's diskette is not complete if (i) a notarized signature page with original executions of the Application is not submitted with the diskette, (ii) any other certification required to be executed and/or notarized is not submitted by the Application deadline or (iii) Required Exhibits are not submitted for each hard copy of the Application by the Application deadline.

Failure to submit originally executed and/or notarized documents will result in the Application being deemed incomplete and subject to disqualification. **NOTWITHSTANDING THE USE OF THE AGENCY'S DISKETTE, APPLICANTS REMAIN RESPONSIBLE AND ACCOUNTABLE FOR THE ACCURACY OF INFORMATION SUBMITTED AND FOR COMPLIANCE WITH PRESCRIBED RULES BY IRS AND THE AGENCY.**

Required Exhibits: An Application is not complete if Required Exhibits are not submitted with the Application by the Final Application Deadline.

Preliminary Application Review: There will be no preliminary review of Applications submitted for GO Zone Credits.

Final Application Deadline: The Application deadline for delivering complete Applications for review is:

4:30 p.m., Central Standard Time, Friday, October 20, 2006

Applications not received at the Agency on or before the deadline date must be postmarked on or before the deadline date and must be received at the LOUISIANA HOUSING FINANCE AGENCY office no later than two (2) business days following the deadline date. Applications are not considered delivered if mailed or delivered to a location other than the offices of the Agency:

Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, Louisiana 70808
Attention: LIHTC Program

Notice to Applicant and Rank Ordering of Applications: The Agency will notify the applicant upon receipt of an Application for final review. Information will not be provided as to the Application's processing status during the review and selection process following the Final Application Deadline. However, the Agency's staff will process the score of each Application and submit the processed score for review to the Board of Commissioners by November 8, 2006. Following the submission to the Agency's Board of Commissioners of the staff's scoring of each Application, each applicant will receive a copy of its Application's score, a copy of its feasibility and viability analysis and the tentative rank order list of all Applications. For a ten (10) calendar day period following publication of the tentative rank order list of each Application, an applicant may challenge in writing the staff's disqualification of a particular Selection Criteria point award or any adverse determination in the Feasibility/Viability Report. **Written objections during the ten (10) day challenge period may be based only upon the interpretation of information submitted by the Final Application Deadline.** Absent compelling or extraordinary circumstances on a case by case basis, no new or supplemental

information will be considered by the Agency in the review process after the Final Application Deadline. Based upon such written challenges, the staff will submit a supplemental report at the next meeting of the Board of Commissioners concerning the scoring of each Application following the processing of written challenges and any revision to the tentative rank order of all Applications. The Board of Commissioners will approve the Final Rank Order of all Applications. No other information will be provided as to an Application's processing status during the review and selection process following the Final Application Deadline. **THE FINAL RANK ORDER OF AN APPLICATION DOES NOT CONSTITUTE ANY ENTITLEMENT TO A RESERVATION OF TAX CREDITS IF A PROJECT IS OTHERWISE NOT FEASIBLE OR NOT VIABLE OR FAILS TO SATISFY THE MINIMUM SCORE UNDER THE QAP.**

Agency Requests for Supplemental Data and/or Clarification: The Agency retains the right to request supplemental data to support information contained in an Application and/or information to explain or clarify data contained in an Application.

Minimum Score: The qualified allocation plan for GO Zone Credits requires a minimum score of **285 points** in accordance with the published selection criteria prior to receipt of a reservation of tax credits.

Tie-Breaking Procedures: Tax credits for Applications submitted for a competitive funding round will be reserved to projects in descending order of score until all tax credits available for reservation have been reserved. In the event of a tie between Applications for which there are insufficient credits to reserve to each project, the Agency will use published tie-breaking procedures.

Communication with Contact Person: The Agency will communicate only with the *contact person* listed in the Application. Information received from persons other than the *contact person* will be disregarded by the Agency.

Noncompliance in Other Agency Programs: A Developer who has been declared a *Debarred Participant* or who has been cited for non-compliance and has not corrected such non-compliance in any project/program administered by the Agency shall not receive a reservation/allocation of credits.

Reservations Pursuant to Qualified Allocation Plan and Federal Regulations: The Agency reserves the right to make and revise reservations according to the Agency's qualified allocation plan and in accordance with published federal regulations, rulings, guidelines and notices.

Estimated Competitive Application Timetable:

<u>Date</u>	<u>Action</u>
August 23, 2006	-Board Approves Draft QAP
August 24, 2006	-Statewide Publication of QAP Public Hearing Notice
September 7, 2006	-Board Conducts Public Hearing on QAP
September 13, 2006	-Board Adopts Final QAP with recommended revisions

	-Board approves reservation of 2007 or 2008 GO Zone Credits to unfunded quality projects from 2006 2 nd funding round subject to Governor's approval of QAP
September 15, 2006	-Approval of QAP by Governor
September 25, 2006	-Tax Credit Application Workshop
October 1, 2006	-Deadline for meeting 10% cost for 2006 carry forward
October 20, 2006	-Final Application Deadline
November 8, 2006	-Board Approval of Rank Order
November 13, 2006	-Begin ten (10) day challenge period for 2007/2008 GO Zone Credit Applications
November 23, 2006	-End ten (10) day challenge period for 2007/2008 GO Zone Credit Applications
December 13, 2006	-Reservation of Tax Credits
March 1, 2007	-Deadline for meeting 10% cost for 2007/2008 carry forward

B. Bond Financed Applications:

(i) Submission Requirements: Applications desiring to verify that a bond financed project satisfies the Qualified Allocation Plan must submit one original LIHTC Application plus one copy, along with the non-refundable Application and analysis fees (and the Subsidy Layering Review Fee, if applicable) computed in accordance with the Non-Refundable Fee Schedule. Processing of bond financed projects must be submitted to the Agency by the 15th day of the month preceding the regular meeting at which such project will be reviewed by the Agency's Board of Commissioner's in accordance with the latest approved Qualified Allocation Plan.

(ii) Minimum Score and Other Limits and Requirements: Bond financed projects must evidence a **minimum score of 190 points**. Profit and fee limitations may be waived by the by the Agency's Board of Commissioners following a review that determines that such additional profits and fees are justifiable and reasonable under the circumstances or are attributable to unique development characteristics (e.g. *Mixed Income Project*, *Poverty De-concentration Project*, *Special Needs Project* or project located in a difficult to develop area, limited commercial space or tenant services or common areas essential to the character of the development).

(iii) Coordination with Louisiana Recovery Authority: Taxpayer/Owners of bond-financed projects must enter into an appropriate Tax Credit Regulatory Agreement and Compliance Monitoring Agreement prior to receiving Forms 8609. If CDBG Funds are provided by the LRA to Projects that failed to receive tax credits from any competitive funding round, the Agency will incorporate into its Tax Credit Regulatory Agreement and/or Compliance Monitoring Agreement such additional requirements as may be evidenced in the conditions under which such CDBG Funds were made available to such Projects. Pursuant to an appropriate cooperative agreement with the LRA, the Agency's Compliance and Financial Services Divisions will require additional annual certifications and additional information to be presented in annual audits. The Agency will conduct desk audits and on-site visits to assure that the requirements established in the conditions for allocating CDBG Funds are being fulfilled. Remedies for failure to satisfy the conditions for receiving CDBG Funds may include

acceleration of the maturity of the CDBG notes evidencing the investment of CDBG Funds to a Project, recapture of CDBG Funds deposited into project escrows or appropriate mandatory injunctive orders to comply with the conditions of funding.

III. TIMING OF CREDIT CEILING RESERVATIONS FOR COMPETITIVE APPLICATIONS

The Agency will reserve tax credits with respect to the GO Zone Credits at the regularly scheduled meeting of the Agency's Board of Commissioners in the month of **December 2006**. Reservations for a *State Project Based Rental Assistance*, a *State Flexible Subsidy*, a *State Additional Affordability Gap Financing* or a State Permanent Supportive Housing Gap Financing as may be applicable to *Priority Special Projects* or *Mixed Income Projects* may be made as Applications are processed.

IV. MAXIMUM TAX CREDITS

A. Developer Limits: No Developer, *related persons* thereof or agents thereof or any person having an *identity of interest* with any Developer, *related persons* thereof or agents thereof or any combination of the foregoing shall be reserved tax credits in excess of \$6,500,000. For purposes of this maximum credit limitation to a single developer, credits allocated in connection with *Priority Special Projects*, *PHA Redevelopment Projects* and/or *Mixed Income Projects* shall be disregarded.

B. Project Limits:

(i) GO Zone and Non-GO Zone Limits: The maximum tax credit allocation per project for GO Zone Credits will be \$1,250,000. *Priority Elderly Rehabilitation Projects*, *PHA Redevelopment Projects* and *Mixed Income Projects* in the GO Zone are not subject to any credit dollar cap.

(ii) Bond Financed Projects: The limitation of tax credits per project shall not apply to the tax credits which are generated from a bond financing if (a) HOME Funds or CDBG Funds are provided to such Project **or** (b) the site and neighborhood standards requirements of 24 CFR 941.202 are satisfied. The Tax Credit Regulatory Agreement and/or Compliance Monitoring Agreement will incorporate such additional requirements as may be evidenced in the conditions under which CDBG Funds are made available to Projects. Pursuant to an appropriate cooperative agreement with the LRA, the Agency's Compliance and Financial Services Divisions will require additional annual certifications and additional information to be presented in annual audits.

V. AGGREGATE POOLS

A. The 2007 and 2008 Credit Ceilings relating to GO Zone Credits are as follows:

	<u>GO Zone Credits</u>
2007	<u>\$56,759,274</u>
2008	<u>\$56,759,274</u>
Total	\$113,518,548

After reducing the GO Zone Total Credits by the \$10,000,000 in GO Zone Credits committed to projects in New Orleans at the August 9th Agency meeting, the \$103,518,548 balance of GO Zone Credits will be budgeted to the following set-asides:

<u>Set-aside Categories*</u>	<u>Credit Amount</u>
Mixed Income Projects (~25% of \$103,518,548)	\$30,180,000
Priority Special Projects (~25% of \$103,518,548)	\$30,180,000**
PHA Redevelopment Pool (~20% of \$103,518,548)	<u>\$20,703,000</u>
Subtotal	\$81,063,000
General Pool***	\$22,455,548
Total	\$103,518,548

*Credits budgeted to these Categories are exclusively dedicated to projects in the following parishes with severe/major damage to rental housing units: Calcasieu, Cameron, Jefferson, Orleans, Plaquemines, St. Bernard, St. Tammany and Vermillion. Credits unallocated will remain available to be reserved to the highest scoring projects in these specified parishes.

**At least \$10 million of this Set-aside will be reserved for Priority Elderly Rehabilitation Projects.

***Credits budgeted to the General Pool will be reserved to highest scoring projects (other than (i) the projects that were reserved a portion of the \$10,000,000 in GO Zone Credits committed to projects in New Orleans at the August 9th Board meeting and (ii) projects that will saturate a specific market area in accordance with the consensus market demand requirements of the 2nd funding round under the 2006 Amended QAP) in the GO Zone that were not reserved credits in the 2006 2nd funding round. There are no further appeals available to any projects processed during the 2006 2nd funding round and there will no further reprocessing of any projects from the 2006 2nd funding round.

All projects receiving GO Zone Credits, including 2006 2nd funding round projects in New Orleans receiving a forward commitment from the August 9, 2006 Board meeting and 2006 2nd funding round projects receiving a portion of the \$22,455,548 General Pool above, will be subject to a mandatory five percent (5%) set-aside for PSH Units. No projects that are subsequent phases of a prior funded project may be qualified for GO Zone Credit reservations.

B. Documents and Evidence to Qualify for Sub-pools. Each Application must select only one Sub-pool and must specify the Sub-pool from which the Applicant is seeking a reservation of tax credits.

(i) Mixed Income Projects: Applicants for reservations as a Mixed Income Project requesting *State Project Based Rental Assistance* or *State Additional Affordability Gap Financing* (a) must select from each of the following Selection Criteria: I(A), V(E), V(F) and VII(B) [Criteria VII(A) and VII(E) are optional] and (b) must submit a separate narrative not exceeding fifteen (15) pages with separate tabs covering and/or describing how the project satisfies the following elements required to be included in a *Mixed Income Project*:

- Substantial Developer*
- Neighborhood Impact*
- Maximum Low-Income Units*
- Affordability*
- Mixed Income Plan*
- Quality*
- Other Public Purposes*
- Leveraging and Financial Efficiency*

(ii) Priority Special Projects: Applications for *Priority Special Projects* must be with respect to a *Priority Elderly Rehabilitation Project*, a *Priority HUD Rehabilitation Project* or a *Priority Strategic Project*.

(a) *Priority Elderly Rehabilitation Project*: Applicants for a reservation as a *Priority Elderly Rehabilitation Project* must submit a letter from HUD that the Project constitutes a *Priority Elderly Rehabilitation Project*.

(b) *Priority HUD Rehabilitation Project*: Applicants for a reservation as a *Priority HUD Rehabilitation Project* must submit a letter from HUD that the Project constitutes a *Priority HUD Rehabilitation Project*.

(c) *Priority Strategic Project*: Applicants for a reservation as a *Priority Strategic Project* must submit evidence as follows:

(I) *Priority Neighborhood Supported Project*: A Project that is specifically identified for construction, reconstruction or rehabilitation in a neighborhood plan consistent with the LRA Local Planning Process (the “Louisiana Speaks” Planning Process’).

(II) *Permanent Supportive Housing Project*: Selection Criteria IV(F) is selected.

(III) *Additional Affordability Project*: Selection Criteria I(A)(iii)

(iii) PHA Redevelopment Sub-pool. Applicants for a reservation from the Public Housing Sub-pool must submit a certification from the local public housing authority (i) that the project constitutes a redevelopment of a site on which the local PHA owned and operated public housing units with

operating subsidies provided under an Annual Contribution Contract with HUD, all of which were public housing units, or (ii) that public housing units on such site were functionally obsolete and unsuitable for occupancy under prevailing habitability standards or (iii) the redevelopment of such site satisfies the requirement of a Poverty De-concentration Project.

VI. PROGRAM REQUIREMENTS, INSTRUCTIONS AND PROCEDURES

A. Local Community Notification: An Applicant must include in the Application evidence that a Public Notice was published in a local newspaper having general circulation in the development area prior to the Application deadline. This notice must run for three (3) consecutive days and must include:

- The name of the project owner
- The project name
- The project address or location
- The maximum number of units
- The nature of the project (i.e. new construction or rehabilitation, elderly or family, etc. and construction type and occupancy type along with proposed community *facility* and supportive services
- Total development cost including funding sources and amounts

The only accepted Proof of Publication is (i) submission of newspaper tear sheet evidencing public notice or (ii) a certificate of publication from the newspaper in which the notice was published prior to the Application deadline.

B. Market Study and Appraisals.

(i) Market Study: A detailed Market Study dated as of a date no earlier than 90 days prior to the Preliminary Application Deadline must be submitted by an Independent Qualified Housing Consultant approved by the Agency evidencing the housing needs of Targeted Households, Large Families, Tenants with children, Special Needs Households (if project serves Special Needs Households) in the Market Area and the unmet needs of such individuals and families following the construction and/or development of the Project.

(a) Format of Market Study. The Market Study must provide information under noted boldfaced captions with tabs and an index to locate the following within the Market Study:

* **Executive Summary**: A statement summarizing the findings of the market study.

* **Credentials**: A statement of the experience and competence of the market analyst.

* **Independence and No *Identity of Interest***: A certification that the market analyst is independent and has no *identity of interest* with the developer of the proposed or existing project and that the market analyst was retained to perform the market study without conditions, including compensation based upon finding market need.

* **Property Site**: A description of the proposed property site along with a map site identifying area of the Project.

* **Demographic Analysis**: Analysis of the Income Qualified Renter Demand in the market area.

* **Market Area**: Geographic definition and analysis of the primary and secondary market area which Project serves.

* **Market Area Economy**: Major employers and anticipated expansions, contractions in the workforces, as well as newly planned employers and their impact on employment in the market area.

* **Operations and Development Comparisons**: A description of comparable developments in the market area served by Project, including the following information or analysis, labeled accordingly:

(a) Subsidy whether or not each comparable development is subsidized.

(b) Rent Levels and Vacancy: a description of rent levels and vacancy rates of comparable properties, including subsidized and non-subsidized developments in market area served by Project.

(c) Operating Comparisons: analysis of operating expenses using data from comparable properties in the market area served by Project, if available, or, if not available, using IREM or ULI data.

(d) Project Operating Statement: projected operating funds and expenses of the subject Project based upon specific household income restrictions by bedroom size selected by the Applicant.

(e) Public Housing: a summary of (i) the number and quality of units in developments owned by the local public housing authority and a statement concerning vacancy rates and waiting lists and (ii) the number of vouchers administered by the local public housing authority and (A) the voucher utilization rate and (B) an estimate of the households on the waiting list for vouchers.

(f) Absorption Analysis: expected market absorption of the proposed rental housing units in the subject Project each month following certificate of occupancy within a timeframe necessary to achieve sustaining occupancy of at least 93%.

(g) Market Impact Statement: A description of the impact of the proposed housing units in the market area, including the impact of the proposed housing units on tax credit and other existing affordable rental housing in market areas.

* **Federal Housing Agency Coordination**: The Independent Qualified Housing Consultant must identify all multifamily housing developments in the primary market area of the proposed project which are financed by HUD, RD and the Agency. The consultant must provide a table evidencing the following information for each such project:

- (i) Name of Project
- (ii) Number of Units in Project
- (iii) Type of Federal loan or credit enhancement, e.g., 515 loan, 202, 221(d)(4), etc.
- (iv) Average vacancy rate in projects in prior twelve-month period.

* **Pipeline Analysis**: Certification of the number of building and demolition permits for multifamily housing units issued over the preceding 24 months by the local jurisdiction within which the project is located and that any planned or construction in progress will not adversely affect the market's absorption of the units in the project.

* **Certification of Demand**: A Certification of Demand For New Units and Conversion executed by the Qualified Housing Consultant.

* **Statement of Housing Needs of Low-Income Individuals and Large Families**: A statement of housing needs of Large Families and tenant populations with children in the primary market area and the extent there will be unmet needs for such individuals and families following construction/rehab of the Project.

* **Revisions to Market Analysis Attributable to Hurricanes Katrina & Rita**: Explain any revisions to any econometric and/or simulated models used in market analysis in the aftermath of Hurricanes Katrina and Rita, particularly any adjustment of demand by household and/or unit size. Any adjustments must also be accompanied by an assessment of whether such adjustments are temporary, short term or long term. Temporary adjustments reflect terms of less than one year. Short Term adjustments reflect terms between one and five years. Long-term adjustments exceed five years.

* **Location Characteristics**: Part II of the Selection Criteria contains a number of positive points and negative points relating to the location of a Project. Each Market Study must include a separate section that evidences whether the Project satisfies the positive points listed or incurs the negative points listed.

(ii) Appraisals: An Appraisal must be submitted establishing the fair market value of any existing property when the purchase price of such property exceeds \$500,000 and the *Acquisition Costs* are included in Eligible Basis.

(iii) Consensus Market Demand Analysis: In markets where there are multiple applications proposing new unit production that in the aggregate exceed the Certification of Demand for New Units and Conversion, the Agency may require each Qualified Housing Consultant to review the Market Study of other Qualified Housing Consultants evaluating the same or overlapping market areas in order to derive a consensus demand for new units by bedroom size. Upon reaching the consensus demand for new units by bedroom size, the Agency will limit the number of new units by application of the tie-breaking procedures to fund only the number of feasible projects that will produce new units up to the consensus demand.

C. Total Development Cost and Unit Size Limitations: No project will be reserved credits if the limits and other requirements by type and size of unit specified below are not satisfied.

(i) Minimum Square Footage and Full Bathrooms Per Unit Type:

<u>Unit Type</u>	<u>Bathrooms</u>	<u>Minimum Square Feet</u>
Efficiency	1	450
1 Bedroom	1	600
2 Bedroom	1	750
3 Bedroom	2	900
4 Bedroom	2	1100

(a) Waiver of Minimum Bathroom and Bedroom Size. The minimum bathrooms and bedroom size may be waived for an existing project which is being rehabilitated only if a federal program finances the unit and the federal agency administering the program which finances the unit requests a waiver of such limits.

(b) Reduction of Minimum Square Footage Per Unit. The minimum square feet per unit may be reduced by 10% for existing units if the local jurisdiction within which the units are located certifies that such units will comply with all applicable zoning and building codes.

(ii) Maximum Average TDC Per Unit by Development Type:

<u>Development Type</u>	<u>Max. TDC/ Unit</u>
Acquisition/Rehab	\$125,000
New Construction/Conversions	\$200,000
Mixed Income in New Orleans	\$250,000
Elderly Projects	\$175,000
Historic Rehab	\$226,900

PHA Redevelop
Scattered Site

PHA Limit
FHA Limit

(iii) Maximum Average Dollar Per Square Foot: The maximum average dollar per square foot for all Development types is \$150 per square foot unless Project is a *Small Project*, *Scattered Site* Project, Special Needs Project or Historic Rehabilitation Project, in which case, the square foot limit shall not exceed \$175 per square foot. These limits shall be increased by 25% for all elevator structures.

(iv) Exclusion of Governmental Grants and Historic Credit Syndication Proceeds from Cost Limits. The costs of a development funded by a governmental grant or with the proceeds from syndicating historic credits will be excluded from total *development costs* for the purposes of establishing the Maximum Average TDC per Unit and Maximum Average Dollar per Square Foot and for purpose of calculating maximum qualified basis of a building or Project.

(v) Exclusion of Costs of Community Facilities and Community Service Facilities from Cost Limits: The costs associated with Community Facilities and Community Service Facilities will be excluded from total *development costs* for purpose of establishing the Maximum Average TDC Per Unit and Maximum Average Dollar Per Square Foot. The costs of Community Facilities which are functionally related and subordinate to the residential units and the costs of Community Service Facilities not in excess of ten percent (10%) of the eligible basis of the qualified low-income housing project of which it is a part may be included in eligible basis of a building or Project.

(vi) SRO Projects: Single Room Occupancy Projects will not be subject to Maximum Average TDC per Unit Limits or Maximum Average Dollar per Square Foot Limits if the local governmental certifies that the SRO Project will provide shelter to homeless persons or if the Project will receive Stewart-McKinney Act Funds.

(vii) New Construction *Scattered Site* Projects: Local city or parish zoning ordinances shall govern subjects such as minimum lot size, side yard, front yard and back yard setbacks. Each Application must evidence the prevailing local ordinance with a letter attached hereto as an Appendix labeled "Local Code Compliance Letter" that states that the proposed development meets all zoning requirements. Applications regarding projects built in Parishes or jurisdictions without zoning ordinances must include, as an appendix, a letter from the local governing authority stating that there are no zoning laws or building codes applicable to the Project. Where zoning laws or ordinances are absent, the following lot sizes and minimum setbacks will take precedence, if and only if the new development is connected to the city sewer system. Each residential unit shall have a setback of not less than twenty feet (20') from the front lot line, not less than twenty feet (20') from the rear lot line and not less than a ten feet (10') side yard setback on one side and twenty feet (20') on the other side. In rural areas, lot sizes shall be a minimum of one quarter (1/4) acre or 10,890 square feet. If the new project is not tied into the city sewer system and each site utilizes a well/septic system, then each lot must be one full acre in size. The same minimum setbacks would prevail. Due to fire safety, there will be no exceptions to the setbacks required. Response time to fires in rural areas is critical and fire trucks must be able to traverse between buildings.

(viii) Bond Financed Projects: Bond financed projects are not subject to the Maximum Average TDC per Unit Limits.

D. Project Amenities: All properties, other than SRO Projects, must include HVAC systems, refrigerators, stoves, an on-site laundry (1 washer and 1 dryer per every 10 units). If washers and dryers are installed and maintained in every unit at no additional cost to tenants, an on-site laundry is not required. All *amenities*, with the exception of the on-site laundry, must be available to the tenants at no additional charge. The requirement of an on-site laundry shall not apply to rehabilitation projects with 12 or fewer units.

E. Profit Limits:

(i) Developer Fees:

(a) Basic Fee: Developer Fees for a project shall not exceed fifteen percent (15%) of the Developer Fee Base plus either (i) five percent (5%) of the *Acquisition Cost Base* or (ii) 8% of the *Acquisition Cost Base* in the case of RD or HUD Distressed Properties.

(b) Developer Fee Limitation: Notwithstanding the foregoing, the Developer Fee will be limited to 10% on that portion of the development fee for *development costs* in excess of \$10,000,000. No Developer Fee, including payments to consultants, will be allowed unless a Development Services Agreement is submitted as an Exhibit to the Tax Credit Application Package. The Developer Fee Base will include only the amount of Builder Profit, *Builder Overhead* and General Requirements at the maximum limits permitted by the Agency.

(ii) Builder Profit: Builder Profit shall not exceed six percent (6%) of the *Builder Profit Fee Base*.

(iii) Builder Overhead: *Builder Overhead* shall not exceed two percent (2%) of the *Builder Profit Fee Base*.

(iv) General Requirements: The actual costs associated with General Requirements shall not exceed six percent (6%) of the General Requirements Base. Bond Premium paid by the Developer or the Taxpayer/Owner will be excluded from the General Requirements.

(v) Syndication Costs: Syndication Costs in excess of ten percent (10%) and fifteen percent (15%) of Gross Equity for privately placed and publicly offered Syndications, respectively, will be treated as part of the Developer Fee. All Syndication Costs, included any such costs paid by the Taxpayer, must be shown in the Syndication Cost Certification submitted with each Application.

F. Self-Owned Equipment Limitations: Costs to lease self-owned equipment or to lease equipment owned by persons related to or having an *identity of interest* with the Developer

or Builder will be considered as builder profit and overhead; provided, however, that certifications as to costs of fuel, lubrication, normal expenditures for such identified equipment, maintenance, repair and depreciation will be considered as a construction cost.

G. Subcontractor Limits Related to Builder Profit and Overhead: No overhead and builder profit will be allowed when (i) more than fifty percent (50%) of the contract sum in the construction contract is subcontracted to one subcontractor, material supplier or equipment lessor or (ii) seventy five percent (75%) or more with three or fewer subcontractors, material suppliers or equipment lessors.

H. Pro Forma Cash Flows: All projects must submit fifteen year pro forma cash flows complying with the following requirements:

(i) *Rate of Increase Assumptions for Revenues and Expenses*: Revenues may be projected to increase at a rate not in excess of two percent (2%) and expenses must be projected to increase at a rate of not less than the higher of OCAF or three percent (3%).

(ii) *Required Debt Service Coverage Ratios*: *Debt Service Coverage Ratios* may not fall below 1.15 (1.10 for RHS Properties) unless the Taxpayer/Owner executes an appropriate escrow or acceptable guarantee in an amount equal to the maximum cumulative cash flow shortfall. Other than *Small Projects*, all projects will be underwritten to convert net operating income in excess of a 1.4 *Debt Service Coverage Ratio* into debt imputed to the Project. This underwriting requirement may be waived if an appropriate use or regulatory agreement is imposed on the project mandating the use of *Surplus Cash* for social or other services regulated by such use or regulatory agreement.

(iii) *Maximum Return on Taxpayer Capital for Projects with HOME or CDBG Fund and Distributions of Surplus Cash*: Any project which receives HOME Funds from the Agency or CDBG Funds from the State and which evidences satisfaction of the Minimum Reserve Balance will be permitted a Capital Recovery Payment on Taxpayer Capital equal to 350 basis points above the comparable treasury bill yields as of the Closing Date that are co-terminus with the return of taxpayer capital over a maximum fifteen year period. Tax Credit equity shall be disregarded as Taxpayer Capital. Surplus Cash evidenced in annual audits may be distributed each fiscal year so long as such distributions are limited to not exceeding fifty percent (50%) of such Surplus Cash.

(iv) *Terms Required for Cash Flow Notes*: Any *cash flow note* associated with the acquisition of an existing project must be accompanied by a schedule establishing the imputed principal of the *cash flow note* under Section 1274(b) of the Internal Revenue Code and any basis adjustment of the note and project pursuant to Section 1.1275-4(c) of the Treasury Regulations. All *cash flow notes* must mature on or before the end of the *economic life* of the project which may not exceed 55 years unless such *cash flow note* is a Developer Fee Cash Flow Note, in which case such Developer Fee Cash Flow Note must mature by the end of the extended Use Period of 30 years.

(v) *Vacancy Rate Assumptions*: Assume a five percent (5%) vacancy rate and two percent (2%) bad debt unless the project is located in a “soft” market as determined by the Independent Qualified Housing Consultant within which a higher vacancy allowance will be

required. Projects in the Mark-to-Market Program may use the allowances established in the HUD approved Restructure Plan.

(vi) *Required Deposit to Reserves for Replacement:* Minimum replacement reserves should equal \$300 per unit per year. If the reserve deposits specified in Physical Needs Assessment exceed the foregoing minimum reserve deposits following rehabilitation, then the deposits to the reserved for replacement shall be the higher amount specified in the Physical Needs Assessment. Notwithstanding the foregoing, if HUD or RD financed the first mortgage, the annual deposit to the Reserves for Replacement may be determined in accordance with HUD or RD policies or regulations. Deposits to the Reserves for Replacement will be regulated and monitored in accordance with the Tax Credit Regulatory Agreement.

(vii) *Maximum Rents:* Except for market units in a Mixed Income Project, pro forma low-income unit rents for Application purposes may not exceed the lower of HUD's most recently published fair market rents (FMR) or the maximum rent permitted by Section 42 or any subsidy program which benefits the project. Actual rents may not exceed the maximum rent permitted by Section 42 of the Code.

(viii) *Minimum Operating and Maintenance Expenses:* Minimum operating and maintenance expenses shall not be less than \$3,600 per unit per year for projects in the GO Zone and \$3,000 per unit per year for projects outside the GO Zone. For an existing project undergoing rehabilitation, the Minimum Operating and Maintenance Expenses shall be increased if, following a review of the prior three years of audits of the project's operations, the expenses exceed the minimums and if the rehab to be completed will not reduce the historic expenses. SRO Projects shall evidence appropriate subsidies to sustain the proposed operating budget.

(ix) *Minimum Reserve Balance:* Minimum-operating reserves should equal six months of projected operating expenses. Initial operating reserves and other up front reserves must be funded either with deferred developer fees, unsecured debt or soft secured cash flow debt.

I. Capital Needs Assessment: A *Capital Needs Assessment* by an architect or engineer, dated no earlier than 90 days before the Application deadline, is required for all existing projects.

J. Receipt of Cost Certifications and GAAP Audits: Prior to mailing a Form 8609 for a project, the Agency must receive (i) a *GAAP Audit*, (ii) a Financing Certification, (iii) a Syndication Certification and (iv) a proposed *baseline operating budget* (including trending assumptions) as of the date sustaining occupancy is to be attained. The *GAAP audit* and the Financing Certification must certify all sources and uses of funds through the Placed in Service Date of a project and must clearly distinguish and show (a) costs that may be included in eligible and qualified basis and (b) costs which may not be included in eligible and qualified basis.

K. Subsidy Layering Review: A subsidy layering review will be conducted in connection with any project receiving Governmental Assistance from HUD, including CDBG Funds, or RD in addition to housing tax credits for acquisition, rehabilitation and/or new construction uses. Such Governmental Assistance will be reduced after completion of the

Subsidy Layering Review only if actual development costs are less than the estimated development costs.

L. Processing Projects With Federal Funds or Insurance: Projects receiving Federal Funds or insurance under a Federal program will be reserved credits only after the federal agency advises the Agency in writing that the federal agency providing such funds or insurance has no objections to the reservation of tax credits to the Project.

M. Financing Commitments: Financing Commitments for all sources of funds must be included with the Application.

N. Debarred Participant: No Taxpayer utilizing a *Debarred Participant* in the development or operation of a project may be reserved or allocated tax credits.

O. Legal Description of Project Property Site:

Projects in Urban and Rural Areas: The legal description and cost of the portion of a site on which the Project is located must be submitted in the Application involving a Project in Urban and Rural Areas. The legal description shall include parish, municipality, subdivision, tracts, section, ranges, boundaries, directions and measurements.

Scattered Site Projects in Urban Areas: A *Scattered Site* Project located in an urban area may identify only the street addresses for each separate site.

Consistency of Project Description: The legal description and/or street addresses of the Property Site included with the Application must be consistent with all subsequent documents submitted to the Agency during the development and operation of the Project. If a material inconsistency in the legal description of the Project Site between the Application Deadline and any reservation or allocation of credits is identified and such inconsistency constitutes a Site Change, the tax credits reserved and/or allocated to the Project will be subject to rescission and/or recapture.

Additional Sites: No additional sites may be included in a *Scattered Site* Project following the Application Deadline unless the Project is located in a Redevelopment Area and the local governmental unit requests the addition of new sites within the Redevelopment Area; however, no additional sites may be included in a Project following *carryover allocation*.

Map Requirement: A map identifying the Project Site must be included with all legal descriptions and/or street addresses. The map must show parish, municipality, subdivision, tracts, section, ranges, boundaries, directions and measurements.

Project Phasing: Applications submitted as phases on a single tract or on adjacent or proximate tracts of land by the same Developer will be treated as a single project unless such phases are provided for in a Concerted Community Revitalization Plan.

P. Notification of Material Changes: It is the applicant's responsibility to notify the Agency, in writing, of any occurrence of a material change in a project. Notwithstanding any provision of any other program requirements, no project which the Agency determines to have materially changed shall be deemed feasible or viable.

(i) Material Changes Prior to Final Application Deadline: The Agency may receive a new Application for a Project which has materially changed in advance of the Final Application Deadline for a competitive funding round. A new Application, along with the Application and analysis fees must be received by the Final Application Deadline. (This option is applicable only when a preliminary Application review is offered by the Agency.)

(ii) Material Changes After Final Application Deadline: A material change occurring after the Final Application Deadline cancels either the tax credit reservation or the carry-forward allocation of tax credits.

Q. Notification of Reprocessing Change: It is the applicant's responsibility to notify the Agency, in writing, of any occurrence of a Reprocessing Change in a Project. A Reprocessing Change may occur prior to delivery of Form 8609 to a Project; however, Form 8609 will be withheld until the Taxpayer submits a revised Application and Reprocessing Fee. Following receipt of the revised Application and reprocessing fee, the Agency will complete a new legal, feasibility and viability review in order to determine any adjustment of maximum qualified basis and/or the tax credits to be allocated to the Project. Projects subject to reprocessing are at risk of credit loss if such Projects fail to satisfy the minimum score or if other projects on the waiting list which are not reserved credits have higher scores.

R. Site Change: A Site Change will automatically cancel any reservation, commitment or allocation of tax credits to such Project.

S. Special Processing Instructions for Projects with more than forty (40) buildings: Projects with more than forty (40) buildings must contact the Agency at least fifteen (15) days prior to the Application deadline for special processing instructions.

T. Quality Production: The Agency will require each Taxpayer to certify that the design and materials used to submit the Estimate and Certificate of Costs with the application satisfy the State's new building code.

U. Reasonable Professional Fees and Other Soft Costs: The Agency retains the right to determine safe harbors for reasonable professional fees and other soft costs that may be included in a project's development cost budget. Absent compelling reasons that professional fees and other costs should exceed such safe harbors, any professional fee or soft cost in excess of Agency approved safe harbors will either be excluded from the development cost budget in determining the gap for tax credit underwriting purposes or will be deemed to be paid through a deferred developer fee.

V. Waivers of QAP Limits: The Agency recognizes that in the aftermath of Hurricanes Katrina and Rita the State faces an acute housing crisis. Much of the existing housing stock has been damaged and will require *substantial rehabilitation*. The Agency will take into consideration any reasonable request to modify a QAP rule that adversely affects the

rehabilitation of existing housing units that may address the State's acute housing need. The Agency encourages developers to contact staff to address any issues that would aid units coming back into commerce.

VII. NON-REFUNDABLE FEE SCHEDULE

Tax Credit recipients will be required to pay a Credit Award Fee upon award of a Tax Credit reservation by the Agency. The following non-refundable fees govern the Application, processing, reprocessing and reservation of Tax Credits and the fees to monitor and report non-compliance. All fees **must** be paid either with a money order or with a certified check. If any other form of payment is received, the unacceptable form of payment will be returned and the Application will be disqualified.

A.	<u>Application Fee</u>	<u>Stand-Alone Non-Profit</u>	<u>All Others</u>
	1 to 4 units	\$ 50.00	\$ 100.00
	5 to 32 units	500.00	1,000.00
	33 to 60 units	750.00	1,500.00
	61 to 100 units	1,250.00	2,500.00
	Over 100 units	2,500.00	5,000.00

B.	<u>Analysis Fee</u>	
	1 to 4 units	\$ 100.00
	5 to 32 units	1,000.00
	33 to 60 units	1,500.00
	61 to 100 units	2,500.00
	Over 100 units	5,000.00

C. Reprocessing Fee
 The reprocessing fee established in the fee schedule of the Application will be required whenever Reprocessing Changes occur. The applicant must receive approval of the Agency for any Reprocessing Change to a project and the fee will be required at the time the Reprocessing Changes are submitted to the Agency for approval. ½ Analysis Fee

D. Credit Award Fee 5% of Credit Reserved

Subject to approval by the Louisiana Legislature in accordance with the Louisiana Constitution, the Agency reserves the right to increase the credit award fee.

E. Annual Compliance/Monitoring Fee

The Minimum Fee by project size; provided that the Agency reserves the right to charge such additional amounts at any time as may be required to monitor compliance in accordance with the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto.

Minimum Fee is as follows:

<u>Project Size</u>	<u>Minimum Fee</u>
1-4 units	\$ 20.00
5-16 units	80.00
17-32 units	160.00
33 and over	Minimum fee is amount equal to 50% of units in Project times \$10.00

F. Subsidy Layering Review Fee

(If HUD or RD Housing Assistance or other Government Assistance is provided to Project) ½ Analysis Fee

ALL FEES COLLECTED BY THE AGENCY ARE NON-REFUNDABLE

VIII. MODIFICATION OF PROGRAM INSTRUCTIONS, REQUIREMENTS AND PROCEDURES

The Agency reserves the right to amend, modify or withdraw any of the program instructions, requirements or procedures contained herein that are inconsistent or in conflict with state and federal laws and/or regulations.

IX. EXTENDED USE AGREEMENT, COMPLIANCE MONITORING AND OTHER REQUIREMENTS

The Agency has approved the form of a Tax Credit Regulatory Agreement to be dated as of December 31 of the calendar year immediately preceding the first year of the Credit Period, pursuant to which the Agency requires the Applicant/Taxpayer to fulfill the commitments and representations made in this Application. An Extended Use Agreement in accordance with the Code and Tax Regulations has been incorporated into the Tax Credit Regulatory Agreement. Upon execution, the Tax Credit Regulatory Agreement must be filed in the mortgage/conveyance records of the Parish within which the Project is located. A separate Compliance Monitoring Agreement also has been approved by the Agency and must be executed and returned to the Agency when the Project is placed in service and prior to the Agency providing Form 8609. The Agency may impose reporting and record keeping requirements, nondiscrimination regulations, and any other special conditions considered desirable by the Agency or the U.S. Department of Treasury. The Agency shall require the taxpayer to register all units on the Agency's housing locator database and update all information during the compliance period.

X. GOVERNING LIHTC PROGRAM DOCUMENT

The Qualified Allocation Plan is the governing document for the LIHTC Program. If any inconsistencies with other program documents, including the electronic Application, are noted, the Qualified Allocation Plan is the controlling document and dictates the Agency's requirements for the LIHTC Program.

For more information on the LIHTC program, contact:

Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, Louisiana 70808
Telephone: (225) 763-8700
Fax: (225) 763-8710
Attention: LIHTC Program
Email: lihtcinfo.lhfa.state.la.us

GLOSSARY

ABANDONED UNIT: An abandoned housing unit is a housing unit that is certified by the Developer/Taxpayer and by an authorized officer of the local governmental subdivision within which the housing unit is located to be *Substandard* and to have been vacant for at least six months. Evidence must be submitted with the Application that the local jurisdiction specifically identified the unit and stated that the unit is *substandard* and has been vacant for at least six months.

ABANDONED PROJECT: An abandoned housing project is a project in which 100% of the housing units are *Abandoned Units* as of the deadline for submitting an Application.

ACCESSIBLE: A site, building, *facility* or portion thereof that complies with the accessibility requirements of the Fair Housing Act.

ACCESSIBLE PROJECT: A project in which at least twenty-five percent (25%) of the units are *Accessible Units* and set aside for *Disabled Households* and evidencing appropriate *Project Based Subsidy* to support *Disabled Households* occupying the *Accessible Units* whose incomes are at or below thirty percent (30%) of area median income. *Accessible Project* must provide that five percent (5%) of units be accessible for people with mobility impairment and two percent (2%) for people with hearing or vision impairments.

ACCESSIBLE UNITS: Units which satisfy Section 504 of the Rehabilitation Act of 1973 and fully meet the handicap accessibility requirements of the Uniform Federal Accessibility Standard.

ACQUISITION COSTS: The actual costs of the buildings on the Property Site prior to rehabilitation of such buildings plus any additional indirect costs of acquiring the buildings.

ACQUISITION COST BASE: The *Acquisition Costs* exclusive of any Developer Fee or *Acquisition Fee*.

ACQUISITION FEE: Any fee, other than a broker fee to a professional broker listing the Project, for arranging the purchase of the building or Project for which tax credits are requested.

ADAPTABLE: The flexibility of certain building spaces to add features or adjust elements in a short time by unskilled labor without structural or material changes to accommodate the needs of persons with different types or degrees of disability. Examples of *adaptable* features include counter tops or closet rods that are supported by adjustable supports rather than built into the wall at a fixed level.

ADDITIONAL AFFORDABILITY PROJECT: A Project that agrees have equal twenty percent (20%) set asides for households in each of the following income classes:

- (a) at or below twenty percent (20%) or less of the AMI,
- (b) above 20% *AMI* but less than or equal to thirty percent (30%) of the AMI,
- (c) above 30% *AMI* but less than or equal to forty percent (40%) of the *AMI* and
- (d) above 40% *AMI* but less than or equal to fifty percent (50%) of the AMI.

AFFILIATE: Any corporation, entity, partnership, venture, syndicate, or arrangement in which a local housing authority has an ownership or governance interest of less than a majority either directly or indirectly through one or more subsidiaries.

ADVANCE RESERVATION (FORWARD COMMITMENT): A reservation of credits from a credit ceiling in a calendar year following the competitive funding round in which a project has been evaluated.

AMENITIES: Equipment and/or facilities which are for the exclusive benefit of the residents and which are not essential to constituting a residential rental unit and which are not being submitted as a Community Facility. Examples of such *amenities* are: 1) recreational facilities such as basketball or tennis courts, 2) swimming pools, 3) learning centers, 4) day care facilities, 5) family counseling facilities, 6) gates accessible only with ID or other device and 7) non-essential appliances, e.g.: built-in dishwashers, clothes washers and dryers and microwave ovens. (Air conditioning or heating systems are not considered an amenity). If a Project is one phase of a larger development, only the *amenities* identified on the Project Site of the phase which is being processed may qualify as an amenity for that phase only and such amenity shall not be qualified for any other phase.

AMI: Area median income as determined by HUD and as may be adjusted by family size.

ANALYSIS FEE: The fee by that name as calculated in accordance with the Non-Refundable Fee Schedule.

APPLICATION CHECKLIST: The form by that name contained in the Application for Tax Credits.

APPLICATION FEE: The fee by that name as calculated in accordance with the Non-Refundable Fee Schedule.

AUDIT INSTRUCTIONS: The instructions to be posted to the Agency's web site and to be used by an independent CPA to submit placed in service and annual audits.

BASELINE OPERATING BUDGET: The budget established for a project during the first year of the Credit Period that is formatted in accordance with the Agency's Chart of Accounts.

BEDROOM: An area of a unit to be used for sleeping and not primarily for family activities other than sleeping.

BUILDER: The licensed general contractor or any other entity executing a contract with the Developer/Owner to construct and/or rehabilitate a housing unit.

BUILDER OVERHEAD: Portion of a general contractor's expenses necessary to conduct business which directly concerns the Project and may include such items as office rent, fuel, lights, telephone and telegraph, stationery, office supplies, fire and liability insurance for the office, salaries of office employees such as a bookkeeper, social security taxes, public liability insurance, workmen's compensation insurance, and unemployment compensation taxes for office personnel. The allowance does not include salaries of the builder or executives of the builder.

BUILDER PROFIT FEE BASE: The construction hard costs specified in the Estimate and Certificate of Actual Cost which hard costs must be audited by an independent certified public accountant in accordance with generally accepted auditing standards utilizing generally accepted accounting principles and reduced by any General Overhead.

BUILDING: A discrete edifice or other man-made construction consisting of an independent foundation, outer walls and roof.

CAPITAL FUNDS: Funds appropriated to the Local PHA to carry out capital and management activities in accordance with the provisions of Section 9 of the United States Housing Act of 1937, as amended

CAPITAL NEEDS ASSESSMENT: An inspection report of an existing building or project by an architect or engineer conducted in accordance with Fannie Mae's Physical Needs Assessment Guidance to the Property Evaluation which (i) identifies the age and condition of the building or project and related major systems (including climate control equipment, plumbing and fixtures, cooking and other kitchen equipment, roofs, exterior siding and electrical systems), (ii) specifies the required repair and/or rehabilitation of the buildings and systems (including the estimated costs of each) over at least twenty years following the Placed in Service Date, (iii) estimates the useful remaining life of the project and related major systems following their repair, (iv) specifies the minimum amount which must be deposited to the repair and replacement reserve over twenty years to maintain property quality and *habitability standards* and (v) either identifies the presence of environmental hazards, such as asbestos, lead paint and mold on the property or contains an Exhibit A Phase I Environmental.

CAPITAL RECOVERY PAYMENT(S): The monthly payments, or, if no cash exists for the payment thereof, the monthly accruals to reimburse the Owner, with interest, for the capital contributions made by Owner.

CAPITALIZED COSTS: The expenditures relating to the acquisition, rehabilitation or construction of a building and any facilities functionally related and subordinate thereto which may be included in the adjusted basis of the building for depreciation.

CARRYOVER ALLOCATION: A commitment by the Agency following receipt from the Taxpayer of the ten percent (10%) carryover certification of a portion of the current calendar year credit authority to a project that will not be placed in service by the end of the current calendar year. Projects receiving a *carryover allocation* must be completed and placed in service in accordance with the *Project Schedule* and not later than two years after receiving a *carryover allocation*.

CASH FLOW NOTE: Any evidence of indebtedness which is issued or assumed in connection with the acquisition of a building and which (i) is not payable in whole or in part in accordance with a fixed amortization schedule or (ii) is payable in whole or in part only to the extent of profit or the cash flows of the Project.

CDBG FUNDS: Community Development Block Grant Funds.

CHART OF ACCOUNTS: The standard chart of accounts to be posted to the Agency's web site and which will be used to submit annual audits of a project to the Agency.

CHDO: A community housing development organization as defined at 24 CFR Part 92.2 of the Federal Regulations.

CLOSING DATE: The date the Construction Contract is executed.

CODE: The Internal Revenue Code of 1986, as amended.

COMMUNITY FACILITIES: Facilities located on the Project Site which are functionally located, related and subordinate to a Project and which are intended to primarily (not exclusively) benefit tenants of a Project but which are available to neighborhood residents without charge or a fee. Community facilities must be relative to the type of project and number of units and in compliance with locale codes. It must contain at least 15 net square feet for each residential unit. It must also have a kitchen or kitchenette that will be available to all residents. Community facilities may not be *amenities*. Excluded from receiving Community Facility Selection Criteria points are *Scattered Site* Rental Projects on Non-Contiguous Land and all Homeownership Projects.

COMMUNITY SERVICE FACILITY: Any *facility* which is (i) located in a Qualified Census Tract and (ii) designed to serve primarily individuals whose income is sixty percent (60%) or less of area median income within the meaning of section 42(g)(1)(B) of the Code by satisfying the following conditions:

First, the *facility* must be used to provide services that will improve the quality of life for community residents.

Second, 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 60 percent or less of area median income. This may, for example, be demonstrated in the market study required to be conducted under §42(m)(1)(A)(iii), or another similar study.

Third, the *facility* must be located on the same tract of land as one of the buildings that comprises the qualified low-income housing project.

Finally, if fees are charged for services provided, they must be affordable to individuals whose income is 60 percent or less of area median income.

COMPLETION DATE: The last date permitted in the Construction Contract for completing construction and /or rehabilitation.

CONCERTED COMMUNITY REVITALIZATION PLAN: A plan, including measurable and/or tangible objectives, approved by a local governmental unit following a public hearing which describes an area and the incentives and the measures to coordinate and target resources to the area for purposes of redeveloping or revitalizing the area and which identifies the strategies and organizations to implement revitalization.

CONSTRUCTION CONTRACT: Means the agreement between the Taxpayer and the Contractor for construction and/or rehabilitation of the Project.

CONSTRUCTION START: The date on which construction work pursuant to a construction contract may begin.

CONTACT PERSON: The person listed as the Contact Person by the Taxpayer in the Tax Credit Project Summary or, following the submission of an Application, such substitute individual specified in writing by a Managing General Partner or Managing Member of the Taxpayer. The Contact Person may not be a professional who will render any independent and/or unqualified professional opinion to the Agency.

CONTINGENCY FEE: A fee to be earned by a Developer or other professional in consideration of achieving a specified benchmark for earning such fee.

CONSTRUCTION CONTINGENCY: An amount not in excess of the lower of ten percent (10%) of the Hard Cost or such lower amount as may be determined by the Agency as reasonable for the construction or rehabilitation of a project.

CONTRACTOR: The person who is licensed as a general construction contractor by the state and who has executed a construction contract with the Taxpayer.

CONTROL: Having the capacity or the power to designate 25% or more of the board or management of an entity or general partner of a limited partnership.

CONVERSION: The process of rehabilitating a nonresidential building to residential rental use.

CREDIT CEILING: The credit ceiling is the dollar amount stated by the Agency to be available in any calendar year for allocation to qualified projects in accordance with the Section 42 of the Code.

DEBARRED PARTICIPANT: Any developer, person, company, firm, staff or development team member or employee thereof, who (i) is currently debarred, suspended, declared ineligible or is prohibited from participating in any housing program sponsored by any federal agency, local government or instrumentality thereof or (ii) is convicted or pleads guilty to any criminal offense related to the construction, development, ownership, management or operation of a housing development.

DEBARMENT CAUSES: Providing fraudulent documents or committing fraudulent acts, failing to fulfill reasonable Agency requests in a prescribed time period following expenditure or use of Agency resources, or having a controlling ownership interest in a project determined to be in material non-compliance with any federal, state or local requirement related to the development or operation of such project. Other causes may be determined by the Agency to constitute cause for debarment following an appropriate administrative hearing on the record which permits the person subject to sanction an opportunity to contest the facts specified as the debarment cause.

DEBARMENT PROCEDURES: The procedures established by the Agency pursuant to which the compliance division recommends debarment of a Developer to the Agency's General Counsel and upon the Agency's General Counsel's concurrence with such recommendation the Board of Commissioners approve the debarment following an opportunity of the Developer to contest the recommended actions at a public meeting of the Board of Commissioners.

DEBARMENT SANCTION: Includes, but is not limited to, suspension from participation in Agency programs, cancellation of reservations or commitments, funding of additional escrows, etc. Agency applied sanctions will be reported to other state, federal or local governments, or instrumentalities thereof.

DEBT SERVICE COVERAGE RATIO: Total revenue collected less operating expenses, exclusive of interest payments, less *required reserve deposits* divided by principal and interest payments.

DEVELOPER: Any person or entity (including persons or entities which constitute Related Persons to such person or entities or have an *identity of interest* with such person or entity) which owns or develops a Project, including any general partner of a partnership, any Builder related to or having an *identity of interest* with the person or entity which owns or develops the project and any consultant receiving any fee or compensation to assist in the development of a Project.

DEVELOPER FEE: Any profit, fee or income realized by the *Developer* in connection with the development of the project as specified in a *GAAP Audit* and which satisfy the *Developer Fee Terms*.

DEVELOPER FEE BASE: The *Development Costs* of a Project reduced by (i) any *Acquisition Costs*, (ii) any Land Costs, (iii) any payments deemed lease payments for self-owned equipment, (iv) any payments to *related persons* or to persons with an *identity of interest* to the *Developer*, and (v) any *Developer Fees* (including Builder Profit and Overhead when there is an *identity of interest* between the Builder and the *Developer*).

DEVELOPER FEE TERMS: The fees and income of a *Developer* as may be specified in the Development Services Agreement between a *Developer* and the Taxpayer which must meet the following requirements and/or include the following information:

- (1) the fee is reasonable and does not exceed the limits on *Developer Fees* established by the Agency;
- (2) the taxpayer is legally obligated to pay the fee;
- (3) the portions of the fee, if any, allocable to Land Costs, Organizational Costs, *Acquisition Costs* and Syndication Costs;
- (4) the fee is not paid (or to be paid) by the taxpayer to itself; and
- (5) if the fee is paid (or to be paid) by the taxpayer to a *related person*, and the taxpayer used the cash method of accounting, the taxpayer could properly accrue the fee under the accrual method of accounting (considering, for example, the rules of section 461(h) of the Code).

DEVELOPMENT COSTS: The costs of acquiring land or buildings or constructing and/or rehabilitating buildings and facilities functionally related and subordinate to such buildings as

certified in a *GAAP Audit* by an independent certified public accountant in accordance with generally accepted auditing standards utilizing generally accepted accounting principles as of the placed in service date of the building or as of the end of the first year of the credit period for the building.

DEVELOPMENT PLAN OF ACTION: A plan of action to redevelop an area defined by a local governmental unit in accordance with the requirements of Section 42(i)(3)(E) of the Code.

DEVELOPMENT SERVICES AGREEMENT: The agreement(s) with a *Developer*, including any consultants, evidencing (i) the *Developer Fee Terms*, including the amount of the *Developer Fee* and how it's to be paid, (ii) how the *Developer Fee* will be determined, (iii) who is the *Developer* and the *Developer's* relationship to the Taxpayer or to the general partner of the Taxpayer, (iv) the individuals controlling the *Developer* who are primarily responsible for performing the services of the *Developer* and (v) the nature of the services to be performed by the *Developer*.

DEVELOPMENT TEAM: Any party identified in the Application as such or any other party identified who advances funds to the *Developer* or Taxpayer prior to an allocation.

DHH: The Louisiana State Department of Health and Hospitals.

DIFFICULT DEVELOPMENT AREAS: Areas designated by HUD as an area which has high construction, land, and utility costs relative to area median gross income.

DISABLED HOUSEHOLD: A household composed of one or more persons at least one of whom has: (1) a disability as defined in Section 223 of the Social Security Act or (2) is determined to have a physical or emotional impairment that is expected to be on long-continued and indefinite duration and the impairment substantially impedes his/her ability to live independently, and is of such a nature that such ability could be improved by more suitable housing conditions **OR** (3) has a developmental disability as defined in Section 102 of the Developmental Disability Assistance and Bill of Rights Act.

DISTRESSED PROPERTY: Any federally-assisted building for which a waiver of the ten year period described in Section 42(d)(2)(B)(ii) is obtained or a building which qualifies for such a waiver but for the building having been last placed in service more than ten years prior to the Application deadline or any project financed by RD and placed in service 15 years or earlier from the Application Deadline which project requires rehab (exclusive of soft and intermediary costs) of \$5,000 or more per unit.

DSS: The Louisiana State Department of Social Services.

ECONOMIC LIFE: The maturity of any debt funded by either HUD or RD; provided that economic life shall not exceed fifty-five (55) years or the period which may be reported for federal income tax purposes as the economic life of a building.

ELDERLY HOUSEHOLD: A household comprised of one or more persons, one of whom is 62 years of age or more.

ELDERLY PERSON: A person who is 62 years of age or more at the time of initial occupancy.

ELDERLY HOUSING PROJECT: A project in which (i) all units are occupied by Elderly Households and in which no unit contains more than two bedrooms and which satisfies the requirements of the Fair Housing Act or (ii) all units are occupied by households headed by an individual 55 years or older and the project qualifies as an Elderly Project under the Fair Housing Act..

ELIGIBLE TARGET POPULATION FOR PERMANENT SUPPORTIVE HOUSING: Extremely Low Income Households consisting of one or more of the following:

(i) Hurricane displaced in need of permanent supportive housing living in the homeless shelter system or otherwise in temporary housing,

(ii) Households in which an individual or household member has a substantial, long term disability as determined by *DHH/DSS*, including any one of the following:

(a) Serious Mental Illness,

(b) Addictive Disorder (i.e., individuals in treatment/recovery from substance abuse disorder),

(c) Developmental Disability (i.e., mental retardation, autism, or other disability acquired before the age of 22,

(d) Physical, sensory, or cognitive disability occurring after the age of 22 or (e) Disability caused by chronic illness (e.g., people with HIV/AIDS who are no longer able to work),

(iii) *Frail Elderly Household*,

(iv) Homeless Household in need of permanent supportive housing or a household determined by DSS to be most-at-risk of homelessness and in need of permanent supportive housing or

(v) An individual or household member aging out of the foster care system and determined by DSS to be in need of permanent supportive housing.

EQUITY: Funds which are provided by investors in a project and which are contingent upon the value attributed to the tax benefits generated by ownership of the project.

EXISTING HOUSING: Housing units which have previously been occupied.

EXPENDITURES EXCLUDED FROM ELIGIBLE BASIS: (A) Items noted in the IRS Audit Guidelines, including Land Costs and the following enumerated items:

- Organization Costs
- Syndication Costs
- bridge loan interest and origination fees
- permanent loan credit enhancement, origination fees and closing costs
- reserves required by the lender
- marketing/advertising
- compliance fees

(B) Items noted in Internal Revenue Service National Office Technical Advice Memorandums Nos. 100727-00; 100740-00; 100743-00; 100745-00; and 100748-00; including the following:

- Developer Fees Allocated to Land
- Unused Construction Contingency
- Rent up Costs
- Local Impact Fees (See "C" below which reverses this treatment)
- Landscaping not affected by replacement of building and considered inextricably associated with the land
- Surveys not used to determine if improvements can be built on site
- Bond Issuance Costs
- Partnership Syndication and Formation

(C) Revenue Ruling 2002-9 now requires impact fees incurred by developer of residential rental building to be capitalized under Section 263A as indirect costs allocable to the building.

EXTREMELY LOW INCOME HOUSEHOLDS: Households in which the household income at initial occupancy is thirty percent (30%) or less of area median income.

FACILITY: A least consisting of a building commensurate with the activities to take place or the services to be provided therein.

FEDERAL HOUSING ACT: The United States Housing Act of 1937, as amended.

FHA LIMITS: The 203(b) limits for FHA insurance of single family housing as published by HUD.

FINAL ALLOCATION: The mailing of Form 8609 to the Taxpayer. The Agency must adjust the amount of tax credits specified in a reservation or a *carryover allocation* based upon the feasibility/viability review and subsidy layering review as of the project's placed in service date.

FINANCING CERTIFICATION: A certification by the Taxpayer on the form provided by the Agency which specifies among other matters (a) Sources of Funds for a Project, (b) Syndication Information, (c) Subsidies provided to a Project and (d) amounts allocated to various *development costs* as of Application, reservation and placed in service dates.

FLEXIBLE FUNDS means funds made available by or through the Louisiana Housing Finance Agency that do not impose either rent or occupancy restrictions on any units other than the Maximum Low-Income Units.

FOSTER PARENT HOUSEHOLD: A household providing shelter to an unrelated child who was assigned for foster parenting to such household by the Department of Social Services.

FRAIL ELDERLY: an elderly person with at least one impairment in *Activities of Daily Living* and/or multiple impairments in instrumental *Activities of Daily Living* as determined by DSS/DHH or the DHH/DSS.

GAAP AUDIT: An audit in accordance with generally accepted auditing standards performed by an independent certified public accountant using the Agency's Chart of Accounts:

I. At Placed in Service Date: At a minimum a *GAAP Audit* as of a project's placed in service date must contain:

(a) an audit of the certificate of actual cost in accordance with generally accepted auditing standards utilizing generally accepted accounting principles evidencing no line item with a "to be paid" amount in excess of five percent (5%) of such line item;

(b) an audit of the sources and uses through the Placed in Service Date of a project specifying separately (i) uses to be included in eligible basis, (ii) land costs and costs that may be properly capitalized to land, (iii) *Acquisition Costs*, (iv) Organizational Costs, (v) Syndication Cost paid by the Taxpayer and (vi) Developer Fees which are properly allocable to (iii), (iv) and (v);

(c) an identification of all identities of interest and *related persons* to the Taxpayer receiving payment from the Taxpayer; and

(d) an identification of all subcontractors owned in whole or in part by employees of the developer or the contractor and a statement of the percentage of construction costs subcontracted to a subcontractor.

II. Annual Audit: At a minimum a project's annual audit must (i) identify all transactions involving *related persons*, (ii) distinguish operating expenditures from capital expenditures and (iii) specify *Surplus Cash*.

GENERAL REQUIREMENT BASE: Hard cost plus bond premium and miscellaneous fees paid by contractor.

GENERAL REQUIREMENTS: The actual costs for those items incurred in the construction of a Project and directly pertaining to the Project, excluding amounts paid to the Contractor or Developer which may be characterized as Overhead.

GOVERNMENTAL ASSISTANCE: Includes any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit tax benefit, or any other form of direct or indirect assistance from the Federal, State or local government for use in, or in connection with, a specific housing project.

GREEN BUILDING: A building that meets one of the following criteria:

(A) LEED Criteria: Building design and construction emphasizing sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality that achieves the points necessary to qualify as LEED Certified (a minimum of 26 points under the LEED Green Building Rating System[®] for lodging). The LEED (Leadership in Energy and Environmental Design) Green Building Rating System[®] is a voluntary, consensus-based national standard for developing high-performance, sustainable buildings created by the US Green Building Council. See the [LEED-NC \(New Construction\) Application Guide for Lodging](#). For existing buildings, see [LEED-EB \(Existing Buildings\)](#).

(B) Green Communities Criteria: Building's design, construction and location for energy, smart growth, health protection and resource conservation are as follows:

(i) **Energy Requirements**: A building that has a score of 20 or less on the 2006 Home Energy Rating System Index; provides Energy Star Domestic Appliances; heating and cooling loads per most recent Air Conditioning Contractors of America Manual J and size equipment using Manual S; Energy Star windows and sliding glass doors as standard; Energy Star defined to SEER 13;

(ii) **Resource Conservation**: Implements storm water protection Best Management Practices outlined in EPA's Guidance for Specifying Management Measures for Sources of Non-point Pollution in Coastal Waters; carpet systems meet or exceed the Carpet and Rug Institute Green Label Plus program Air Quality Test Program; cabinets, counter substrates and trim materials have no added urea-formaldehyde or are fully sealed on all six surfaces; bathroom fans exhaust to the outside and are connected to either a timer or a humidistat sensor;

(iii) **Reduced Use of Natural Resources**: Kitchen and bathroom fixtures exceed 1992 Energy Policy Act gallons/minute requirement; high-efficiency or dual flush toilets; water resistant materials in first floor living spaces;

(iv) **Smart Growth**: Located on site that is within ¼ mile of public transit or within ½ mile of 5 basic community services (i.e. grocery store, bank, place of worship, pharmacy, post office, etc.).

GROSS EQUITY: Means the nominal dollar amount invested in the Taxpayer by a Syndicator.

HABITABILITY STANDARDS: The Physical Conditions Standards promulgated in HUD Regulations at 24 CFR 5.703, including the major areas of housing: the site, the building exterior, the building systems, the dwelling units, the common areas and health and safety conditions.

HARD COSTS: Costs of constructing the project as evidenced in the Estimate and Certificate of Actual Costs reduced by any amount which reduces the Builder Fee Base. Hard Costs do not include Builder Profit, *Builder Overhead*, Developer Fees or Soft Costs (such as architectural, engineering, consultant, legal fees, etc).

HISTORIC REHABILITATION CREDIT: Tax Credits authorized to be taken by a Taxpayer for the rehabilitation of an historic property in accordance with the requirements of Section 38 of the Code.

HOMELESS PERSON/HOUSEHOLD: A person or household sleeping in a place not meant for human habitation or in an emergency shelter; and a person or household in transitional housing for homeless persons who originally came from the street or an emergency shelter.

HOMEOWNERSHIP PROJECT: Project consisting of townhouses, duplexes with firewalls or buildings with not more than one unit per building. Applicants for Homeownership Projects must execute the Agency's form of an Option to Purchase and Right of First Refusal Agreement which provides to an individual tenant the option to purchase a unit at the Minimum Purchase Price. No points will be awarded for Community Facilities located in a Homeownership Project.

HOUSEHOLDS IN POVERTY: Households at or below the most recent Poverty Threshold as determined by the U.S. Census Bureau.

HOUSEHOLD WITH LONG TERM DISABILITY: A household in which a household member has a Substantial Long Term Disability.

HOUSING NEEDS ASSESSMENT: The assessment of the State's housing needs published on the Agency's web site.

HUD: The U.S. Department of Housing and Urban Development.

HURRICANE DISPLACED HOUSEHOLD: A household displaced from its principal residence and living in a homeless shelter or other temporary housing as a result of Hurricane Katrina or Rita.

IDENTITY OF INTEREST: An identity of interest is construed to exist when:

- (i) There is any financial interest of the Developer or Taxpayer in the Builder or any financial interest of the Builder in the Developer or Taxpayer.
- (ii) Any officer, director or stockholder or partner of the Developer or Taxpayer who is also an officer, director or stockholder or partner of the Builder.
- (iii) Any officer, director, stockholder or partner of the Developer or Taxpayer has any financial interest in the Builder; or any officer, director, stockholder or partner of the Builder has any financial interest in the Developer or Taxpayer.
- (iv) The Developer or Taxpayer advances any funds to the Builder.
- (v) The Developer or Taxpayer supplies and pays, on behalf of the Builder, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by a Developer or Taxpayer in connection with its obligations under the construction contract.
- (vi) The Developer or Taxpayer takes stock or any interest in the Builder cooperation as consideration of payment.
- (vii) There exists or comes into being any side deals, arrangements, contracts or undertakings entered into or contemplated, thereby altering, amending, or canceling any of the required closing documents, except as approved by the Agency.
- (viii) Any relationship (e.g., family) existing which would give the Builder or Developer or Taxpayer *control* or influence over the price of the contract or the price paid to any subcontractor, material supplier or lessor of equipment.
- (ix) Any member of the Development Team advances any funds to the Developer or Taxpayer at any point prior to an allocation.

For purposes of determining an *identity of interest* between parties not identified in (i) through (ix), such parties will be identified as either the Developer and Taxpayer or the Contractor as appropriate to establish the *identity of interest*.

INCOME QUALIFIED RENTER DEMAND: Number of households projected to be at 60% or less of area median income which can afford to pay the rent proposed at subject project provided such rent does not exceed 35% of their household income.

INDEPENDENT QUALIFIED HOUSING CONSULTANT: A disinterested professional housing consultant who has been approved by the Agency and who has no *identity of interest* with any Builder or Developer participating in the Housing Tax Credit Program in any state and who by virtue of academic training, licensing and/or experience is a recognized expert skilled in the requirements of conducting a market survey and demand study.

IREM: Institute for Real Estate Management.

LAND COSTS: The purchase price related to the purchase of undeveloped land plus the following additional costs:

- excavating and earth-moving expenses
- finders/brokerage fees for assistance in acquiring title to land
- costs for excavation of water retention ponds
- cost of land surveys
- unpaid back real estate taxes and similar assumed costs
- legal and professional fees related to the acquisition of land
- environmental impact tests and perk tests

LARGE FAMILY HOUSEHOLD: A household with at least five persons at initial occupancy of a unit.

LEED: The acronym for Leadership in Energy and Environmental Design.

LLA: Local Lead Agency designated by *DHH/DSS* for management of supportive services for *Permanent Supportive Housing*. A *DHH/DSS* designated LLA may be a *DHH* Regional Office or human services district/authority.

LOCAL GOVERNMENT: A parish or municipality under the Louisiana Constitution of 1974.

LOCAL NON-PROFIT SPONSOR: A 501(c)(3) or 501(c)(4) organization in which not more than fifteen percent (15%) of the members of the governing board are domiciled outside the service area of the non-profit and at least seventy-five percent of the governing board are domiciled within the Market Area of the Project or is a State certified Community Housing Development Organization ("CHDO") with a service area encompassing the market area of the Project.

LOCAL PARTICIPATING JURISDICTION (LOCAL PJ): One of any governmental unit or consortium of governmental units receiving HOME Funds directly from HUD and which is not a state recipient.

LOCAL PHA: A local public housing authority organized and existing under the State's Housing Authorities Law at Chapter 30 of Title 40 of the Louisiana Revised Statutes of 1950, as amended.

LOUISIANA DEVELOPER: Any Managing General Partner or *Sponsor* who submits evidence of having filed Louisiana tax return (Form 990 in the case of a Non-profit) in the two calendar years preceding the year in which an Application for tax credits is submitted, or if no return was required to be filed for the two (2) calendar years preceding the year in which an application for tax credits is submitted, then a CPA's statement to that effect is required.

LOUISIANA FAMILY RECOVERY CORPS: A entity established within the State to coordinate and mobilize a network of providers, organizations and government agencies to deliver comprehensive humanitarian services to displaced residents of the State.

LOW INCOME UNIT: A low-income unit as defined in Section 42(i)(3) of the Code.

LRA: The Louisiana Recovery Authority.

MANAGING GENERAL PARTNER: The managing general partner is the entity or individual who is or will be specified in the organizational documents of the Taxpayer as the managing general partner or managing member of the Taxpayer.

MARKET AREA: An area referenced on a map included with the Market Study and certified by the Independent Qualified Housing Consultant to be an appropriate market area to be served by the project in view of geographic and other barriers and demographic and mobility factors for low income households at or below 60% of AMI.

MARKET STUDY: An analysis performed by an Independent Qualified Housing Consultant which evidences demand for the proposed market matrix of a project, including demand capture rate at the subject property by bedroom type and which further the housing needs of the Targeted Households, Large Families, Tenants with Children and Special Needs Households if the Project serves Special Needs Households.

MATERIAL CHANGE: Notwithstanding the provisions of any prior Qualified Allocation Plan, a material change for any project, including projects receiving a reservation or allocation from a prior Calendar year credit Ceiling, shall mean any Reprocessing Change which results (i) in the project deemed not feasible or not viable or (ii) a reduction of points from the Selection Criteria below the minimum score or below the score of the highest ranked project on the waiting list for the year in which the credits were allocated. Any change caused by force majeure or circumstances beyond the control of an Owner will not be a material change if the Agency's Board of Commissioners concurs that such change was beyond the control of the Owner. The Agency also considers the following to be material changes:

- removal of any managing general partner,
- bankruptcy of any managing general partner,
- site change, or
- change in unit design (increase or decrease in number of units, unit mix, square footage etc. greater than 10%).

MATERIAL PARTICIPATION: Having an ownership interest other than a passive ownership interest and which participation is regular, continuous and substantial.

MAXIMUM LOW-INCOME UNITS: Not more than forty percent (40%) of the total units in a Project in which there are a minimum twenty percent (20%) *Low-Income Units*; provided that in the case of a Priority Neighborhood Supported Project or a Poverty De-concentration Project, up to seventy percent (70%) of the units in the proposed project may be *Low-Income Units* so long as **not** more than one-third (1/3) of the units are reserved or set aside for households at or below forty percent (40%) AMI.

MILITARY IMPACT AREA: Generally a small or medium size metropolitan housing market area or a remote or isolated non-metropolitan area where:

1. Military-connected households comprise 25 percent or more of the total households in the market area. Military-connected households include active duty military personnel, civilian employees of the military service (Department of Defense) or other Federal agency at or in support of the installation, and employees of contractors and sub-contractors directly associated with the military installation and their dependents. Unaccompanied active duty military personnel housed in military-controlled group quarters housing (barracks, BOQ's) are excluded; and

2. The Department of Economic Development has expressed written concern about the continued stability of the current level of military strength and mission at the installation based on the absence of suitable affordable housing, or public announcements from the Department of Defense or the military service, advise that the stability of the military installation is at risk because of the absence of affordable housing.

MINIMUM RESERVE BALANCE: At least 1/6 of the largest annual deposit to Reserves for Replacement and Repair.

MINIMUM PURCHASE PRICE: An amount equal to the sum of (i) the principal amount of outstanding indebtedness secured by the building (other than indebtedness incurred within the five (5) year period ending on the date of the sale to the tenants) and (ii) all Federal, State and local taxes attributable to such sale. Except in the case of Federal income taxes, there shall not be taken into account under clause (ii) any additional tax attributable to the Application of clause (ii).

MIXED FINANCE PROJECT: A project described in Section 35(d) of the Federal Housing Act that is financially assisted with private resources in addition to amounts provided under the Federal Housing Act.

MIXED INCOME PROJECT: A project that is (i) receiving housing tax credits for the Maximum Low-Income Units, (ii) having Neighborhood Impact and (iii) sponsored by a Substantial Developer. A Mixed Income Project qualifies for CDBG Funds from LRA/OCD only if twenty percent (20%) of the units are set aside for households whose family incomes are not in excess of forty percent (40%) of the area median income. Unless otherwise waived by the LRA/OCD, a Mixed Income Property receiving CDBG Funds must also assure that at least fifty

one percent (51%) of the residents at initial occupancy have incomes at or below eighty percent (80%) of the area median income adjusted by family size. For purposes of the Mixed Income Pool, reservations will first be made to Mixed Income Projects qualified for CDBG Funds.

MIXED USE BUILDING: A building consisting of (i) units available for residential rental use and (ii) other property the use of which is not related to residential rental use, e.g., commercial office space, owner-occupied residences, etc.

NEIGHBORHOOD IMPACT: With respect to a clearly defined neighborhood described on a map outlining such neighborhood, either (i) the construction of at least one hundred (100) new residential units or (ii) the demolition of at least fifty (50) functionally obsolete residential units and the construction and/or reconstruction of not less than fifty (50) residential housing units.

NEIGHBORHOOD NETWORK: A multi-service community learning center located in a *facility* of a Project promoting self-sufficiency by (i) improving computer access for tenants, (ii) advancing literacy, (iii) preparing residents to take advantage of employment opportunities and (iv) providing access to healthcare information and other social services.

NEIGHBORHOOD NETWORK FUNDING: Financial commitments or funding evident in the operating pro forma of a Project committed to providing a Neighborhood Network that includes (i) a business plan for staffing, technical support, and ongoing funding, and a strategy for achieving ongoing partnerships with other neighborhood, community, or educational groups, (ii) the location and size of the space to be used for the *facility* to be used as a Neighborhood Network, (iii) an estimate of the number and percentage of residents who will benefit directly from the services of the Neighborhood Network and (iv) a detailed estimate of the center's initial cost and ongoing operating expenses.

NET EQUITY: The Gross Equity invested in the Taxpayer as discounted and compounded to the placed in service date.

NEW CONSTRUCTION: Housing units which have not previously been occupied.

OCD: The Office of Community Development in the Office of the Governor.

ON SITE DAY CARE SERVICE: A formal contractual agreement must be in place to receive points under this category. The provider must be licensed by the State of Louisiana. The service contract must be on the service provider's letterhead and it must have a designated space for the applicant's acceptance of the contract and agreement to terms of the contract. Points will not be allowed if the formal agreement does not contain the signatures of both parties and allow for a minimum contractual period of no less than 10 years beyond the placed in service date or if the contract fails to clearly define adequate day care services. Services must be provided Monday through Friday for at least 10 hours and flexible hours on the week-end. Food service must be provided.

OPTION TO PURCHASE AND RIGHT OF FIRST REFUSAL AGREEMENT: The Agreement by that name attached as an Appendix to the Application.

ORGANIZATIONAL COSTS: Costs of organizing the Taxpayer, including the legal and accounting costs necessary to organize the Taxpayer and facilitate the filings of the necessary legal and other regulatory paperwork at the state and national level are of a character which, if expended incident to the creation of the taxpayer having an ascertainable life, would (but for Section 709(a) of the Code) be amortized over such life.

OWNER OCCUPIED BUILDING: A Building containing more than one but less than five units in which one of the units is occupied by the owner of such unit and which is located in an area in which the local governmental unit has approved by a Development Plan of Action.

PAYMENT STANDARD: One of the following standards of payment selected by the Taxpayer in connection with a Low Income Unit receiving a *State Project Based Rental Assistance* and occupied by an Extremely Low Income Household: (a) 50% AMI, (b) 55% AMI or (c) 60% AMI.

PERMANENT SUPPORTIVE HOUSING: Permanent Supportive Housing is housing that is: safe and secure; affordable to the eligible target population (monthly rent and utilities does not exceed 30% of monthly household income); and permanent, with continued occupancy as long as the eligible target population pays the rent and complies with the terms of the lease or applicable landlord/tenant laws in the State of Louisiana. The housing is linked with supportive services that are: flexible and responsive to the needs of the individual; available when needed by the eligible target population; and accessible where the tenant lives, if necessary.

PERMANENT SUPPORTIVE HOUSING PROJECT: A Project in which (i) between fifteen percent (15%) and fifty percent (50%) of the Low Income Units are designated to be occupied by a member of an *Eligible Target Population for Permanent Supportive Housing*, and (ii) the prior concurrence of DHH/DSS is received by the Taxpayer/Developer if a Special Needs Household other than a member of an *Eligible Target Population for Permanent Supportive Housing* is proposed to occupy a designated Low Income Unit within the Project.

PHA REFERRAL AGREEMENT: The executed form of the PHA Referral Agreement attached as an Appendix to the Application.

PHYSICAL CONDITION STANDARDS: HUD Standards for housing which is decent, safe, sanitary and in good repair.

PLACED-IN-SERVICE DATE: The date the first unit is available for occupancy in accordance with local occupancy codes. For rehabilitations which qualify as a separate new building, such date occurs at the end of the 24 month period over which such expenditures are aggregated.

POVERTY CENSUS TRACT: Census tract in which the percentage of Households in Poverty exceed 15% of the total households of such census tract.

POVERTY DE-CONCENTRATION PROJECT: A project that selects and qualifies for points under Section V(D) of the Selection Criteria and provides a narrative that covers the following titled topics:

(a) *Neighborhood History*: history of the original settlement of the neighborhood within which the project is located and how the area became an area of concentrated poverty,

(b) *Functional Obsolescence of Prior Building*: an assessment of the functional obsolescence of original buildings and why such buildings are unsuitable for occupancy under prevailing standards and/or housing policies,

(c) *Relocation Issues*: if units in existing buildings are occupied, how such existing tenants will be relocated and will be provided alternate or interim housing and other services and

(d) *Quality of Life Improvement*: how the development will (A) de-concentrate poverty, and (B) contribute to an improved quality of life for the residents of the neighborhood.

PRIORITY HUD REHABILITATION PROJECT: A Priority HUD Rehabilitation Project is a Project in which the mortgage is either FHA insured or HUD held and which receives a *Project Based Subsidy* or is subject to occupancy restrictions which are as restrictive as the restrictions applicable to a *Low Income Unit*.

PRIORITY NEIGHBORHOOD SUPPORTED PROJECT: A Project that is specifically identified to be constructed, reconstructed, or rehabilitated in a neighborhoods plan consistent with the LRA Local Planning Process.

PRIORITY ELDERLY REHABILITATION PROJECT: A Priority Rehabilitation Project is a Project (i) that was substantially damaged or destroyed by Hurricane Katrina or Rita, (ii) in which one hundred percent of the units were occupied by elderly or disabled residents and receive a *Project Based Subsidy* that has been abated but may be reinstated or moved to another site if the Priority Elderly Rehabilitation Project is rehabilitated or relocated, (iii) cannot be restored or reconstructed with the proceeds of insurance claims alone, according to the capital needs assessment and (iv) currently in financial default.

PRIORITY STRATEGIC PROJECT: A Priority Elderly Rehabilitation Project, a Priority HUD Rehabilitation Project or a Strategic Priority Project.

PROJECT: At least one building together with any facilities functionally related and subordinate on a Project Site. Multiple buildings are part of the same project only if such buildings:

- (i) have similarly constructed units;
- (ii) are proximate, i.e., located on a single tract of land; and
- (iii) are owned by the same person and are financed pursuant to a common plan.

PROJECT BASED SUBSIDY: Projects receiving operating subsidies based upon either (i) Section 8 project based assistance contract, (ii) rental assistance from RD, (iii) operating subsidies in connection with housing supported under the Stewart McKinney Act or (iv) any other program or method of project-based rental assistance as the Secretary of the Treasury may designate by publication in the Federal Register or in the Internal Revenue Bulletin.

PROJECT SCHEDULE: A schedule required to enumerate the activities and the timelines or deadlines for completing such activities and placing the Project in service. At a minimum, the Project Schedule shall evidence the following benchmark dates:

- (i) date that expenditure of ten percent (10%) of Project's Total Development Costs is to be achieved,
- (ii) date that final zoning will be approved,
- (iii) date that land and buildings are to be purchased,
- (iv) date that environmental clearance will be obtained,
- (v) date that construction contract will be executed,
- (vi) date that building permits will be obtained,
- (vii) date that construction will commence,
- (viii) date that ten percent (10%) of construction will be complete,
- (ix) date that fifty percent (50%) construction will be complete,
- (x) date that ninety percent (90%) construction will be complete,
- (xi) date that project will receive certificates of occupancy and be placed in service and
- (xii) date for submitting the audited cost certifications.

PROJECT SITE OR PROPERTY SITE: The legal description of the land on which the Project is located as submitted in an Application on or before the Application Deadline.

PSH: Permanent Supportive Housing.

QUALIFIED CENSUS TRACT: A qualified census tract is a census tract designated by HUD in which (i) 50% or more of the households have income less than 60% of the area median gross income or (ii) the poverty rate is at least twenty-five percent (25%).

QUALIFIED NON-PROFIT ORGANIZATION: An organization (i) described in paragraph (3) or (4) of Section 501(c) of the Code, (ii) exempt from tax under Section 501(a) of the Code, (iii) determined by the Agency not to be an affiliated with or controlled by a for-profit organization and (iv) one of the exempt purposes of such organization includes the fostering of low-income housing.

QUALIFIED PURCHASE CONTRACT: A contract defined in Section 42(h)(6)(F) of the Internal Revenue Code.

QUALIFIED REHABILITATION EXPENDITURE: Rehabilitation costs incurred within any 24 month period selected by the building owner and which are allocable to or substantially benefit one or more low-income units in a building and in which the hard costs of such rehabilitation equal or exceed the greater of \$3,000 per low-income unit in the building or ten percent (10%) of the adjusted basis of the building.

RD: Means the Rural Development division of the U.S. Department of Agriculture.

RD TARGET AREA: An area designated in writing by Rural Development of the U.S. Department of Agriculture as a priority area for financing housing under the 515 housing program.

REDEVELOPMENT AREA: An area or areas within Qualified Census Tracts which is specified by a local governmental unit as requiring revitalization and within which the local governmental unit provides incentives and/or resources on a priority basis in order to promote redevelopment pursuant to a Concerted Community Revitalization Plan.

REDEVELOPMENT PROJECT: A Project which is (i) a Distressed Property, (ii) Redevelopment Property, (iii) Owner-Occupied Property covered by a Development Plan of Action, or (iv) Urban Redevelopment Property.

REDEVELOPMENT PROPERTIES: A Project located in a Redevelopment Area.

RELATED PERSON: Any person bearing a relationship to such person as specified in sections 267(b) or 707(b)(1) of the Code, or if the persons for whom a relationship is being determined are engaged in trades or businesses under common *control* (within the meaning of subsections (a) and (b) of section 52 of the Code).

RENT UP/LEASE COSTS: Costs, such as advertising, sample unit costs, on site rental managers and staff and initial rental costs, necessary to fully rent a low-income building which may be amortized over the period necessary to rent all units, (e.g. 24 or 36 months) but which may not be included as part of the Development Cost Budget.

REPROCESSING CHANGE: Any change other than a material change relating to (i) adjustments of sources or uses of funds in excess of 5%, (ii) increases or decreases in the number of units, unit mix, square footage, etc. greater than 5%, (iii) an applicant's inability to comply with the *project schedule* proposed in the Application by more than three months in any element of the Project and (iv) any increase in the interest rate of long term debt required to complete the Project.

REPROCESSING FEE: The fee collected by the Agency and calculated in accordance with the Non-Refundable Fee Schedule when a project requires reprocessing.

REQUIRED EXHIBITS: The Exhibits and/or Appendices specified as Required Exhibits in the Application and do not include the Exhibits and/or Appendices to support Selection Criteria items

REQUIRED RESERVE DEPOSIT: Assume \$300 per unit per year or the amount specified in Physical Needs Assessment required to be deposited to Reserves for Replacement. Notwithstanding the foregoing, if HUD or RD finances the first mortgage, the annual deposit to the Reserves for Replacement may be determined in accordance with HUD or RD policies or regulations. Deposits to the Reserves for Replacement will be regulated and monitored in accordance with the Tax Credit Regulatory Agreement.

RESERVATION: An agreement on the part of the Agency to allocate tax credits at a future date to a Taxpayer, subject to the Taxpayer satisfying the elements of the Qualified Allocation Plan and all conditions established by the Agency with respect to the submission of all documents and information required by the Agency prior to the delivery of Form 8609 to the Taxpayer.

RESERVES FOR REPLACEMENT: A special reserve to be established for each project from which the costs of replacement and repair of the project is to be funded.

RESIDENT MANAGER UNIT: The unit occupied by a full-time resident manager in the project.

RURAL AREA: Any area outside of a metropolitan statistical area (MSA).

SCATTERED SITE PROJECT: A project consisting of buildings containing housing units in which all such units are rent restricted provided that each building is non-contiguous and is located on a single lot which is subdivided by the local jurisdiction and for which an option to purchase separately may be executed and further provided that a single building may not contain more than two (2) housing units. Evidence of a *Scattered Site* Project must consist of a subdivision plot or proposed subdivision plot evidencing separate lots for each non-contiguous building. If a *Scattered Site* Project is located on non-contiguous land, no points will be awarded for Community Facilities.

SERVICES: Benefits made available to the tenants of a Project.

SINGLE PARENT HOUSEHOLD: A household with children in which the parent or guardian of such children resides in the household and in which no other adult resides in such household at initial occupancy.

SITE CHANGE: The addition of any noncontiguous land to the Property Site or the reduction of the Property Site by more than 25% or the addition of contiguous land to the Project Site exceeding 25% of the area of the original Property Site; provided, however, that a *Scattered Site* Project located in a Redevelopment Area may include additional new sites within the Redevelopment Area if the local governmental unit requests such additional sites prior to a *Carryover Allocation* of Tax Credits.

SMALL PROJECT: A project in which the total number of units do not exceed thirty units.

SPECIAL HOUSEHOLD TYPES: A household which constitutes a Single Parent Household, Large Family Household, a Foster Parent Household, an Elderly Household, a *Disabled Household* or a Homeless Household.

SPONSOR: The person(s) owning one hundred percent (100%) of the interests in and who *controls* the Managing General Partner. A non-profit organization may sponsor another non-profit organization or a for-profit subsidiary entity only if such non-profit sponsor is legally entitled to designate all board members of the sponsored non-profit and/or owns 100% of the stock or ownership interest in the subsidiary as evidenced in the articles of incorporation of the sponsored non-profit or the subsidiary's articles of organization.

SRO: A Project of single room occupancy providing Supportive Services in dwelling units that may or may not contain bathrooms or kitchen facilities and are appropriate for use as Supportive Housing.

STAND-ALONE NON-PROFIT: A 501(c)(3) or 501(c)(4) organization or for-profit wholly-owned subsidiary of such organization which serves as the sole general partner of a limited partnership owning a project or the sole and exclusive manager of an LLC which owns the project. The managing agreement must be submitted with Application for LLC-owned projects.

STATE ADDITIONAL AFFORDABILITY GAP FINANCING: The loan of CDBG Funds of up to \$15,000 per Low-Income Unit that (i) will cover *Development Costs* that cannot be funded with *Equity* or other funding sources, (ii) will be made available in the form of a non-recourse loan secured by a junior lien on the project and (iii) will be come due on the earlier of (a) maturity at thirty (30) years, (b) sale of the property, (c) refinancing of the property or (d) acceleration as the result of material noncompliance with the terms of the loan.

STATE FLEXIBLE SUBSIDY: The loan of CDBG Funds in connection with Mixed Finance Projects in one or more of the following forms: (i) a recoverable loan to fund an operating deficit reserve to cover cash flow deficits, (ii) a loan to cover Development Costs payable from a share of cash flow and residual value or (iii) a loan to cover *development costs* at the Applicable Federal Rate, with compound interest payable from a share of cash flow and residual value.

STATE PROJECT BASED RENTAL ASSISTANCE: A fifteen (15) year subsidy contracted through OCD to pay the difference between the Payment Standard selected by the Taxpayer and the maximum tenant paid rent based upon income restrictions associated with the unit receiving the subsidy. The *sponsor's* commitment to set aside units for State Project Based Rental Assistance will be documented in, and enforced through, the Tax Credit Regulatory Agreement.

STATE SUPPORTIVE HOUSING GAP FINANCING: The loan of CDBG Funds of up to \$15,000 per Low-Income Unit set aside for a member of an *Eligible Target Population for Permanent Supportive Housing* that (i) will cover *Development Costs* that cannot be funded with *Equity* or other funding sources, (ii) will be made available in the form of a non-recourse loan secured by a junior lien on the project and (iii) will be come due on the earlier of (a) maturity at thirty (30) years, (b) sale of the property, (c) refinancing of the property or (d) acceleration as the result of material noncompliance with the terms of the loan. The Taxpayer may elect an interest of either (i) 1% simple interest payable from a share of cash flow and residual value or (ii) at the Applicable Federal Rate, with compound interest payable from a share of cash flow and residual value.

STATE SUPPORTIVE SERVICES GRANT: A grant from OCD to fund supportive services to support successful tenancies of members of *Eligible Target Population for Permanent Supportive Housing* (PSH) living in PSH units. After awards are made pursuant to this QAP, OCD will accept applications for additional State Supportive Service Grants, from *DHH/DSS*-approved agencies, to support successful tenancies of members of *Eligible Target Population for Permanent Supportive Housing* units.

STRATEGIC PRIORITY PROJECT: A Strategic Priority Project is an Additional Affordability Project, a Permanent Supportive Housing Project or a Priority Neighborhood Supported Project.

SUBSIDIARY: Any corporation, entity, partnership, venture, syndicate, or arrangement in which a local housing authority shall participate by holding an ownership interest or participating in its governance, in which commissioners, officers, employees, and agents of such authority constitute a majority of the governing body of such entity.

SUBSTANDARD: Any housing unit which does not satisfy the HQS Standards.

SUBSTANTIAL DEVELOPER means a developer experienced in developing, operating and managing projects, including (i) market rate projects and (ii) mixed income projects, of not less than three hundred (300) apartment units as evidenced by a narrative that describes the developer's experience and by a chart that identifies every project developed and managed by the developer in accordance with the requirements herein.

SUBSTANTIAL REHABILITATION: Any rehabilitation in which Hard Costs equal or exceed \$15,000 per unit.

SUPPORTIVE SERVICES FOR PSH: The range of services tailored to the needs of the category or categories of persons with special needs occupying the housing in which such services are provided. The intensity of services delivered may vary based on the target population and individual needs but, for typical individuals would include an intensive service mix covering these types of services:

- Outreach and engagement
- Support in accessing housing (including assistance with applications, arranging for utilities and arranging for relocation)
- Crisis prevention and intervention
- Support in acquiring skills and knowledge for community living including acquiring benefits and money management
- Providing opportunities for social support and peer support
- Advocacy, clinical case management, clinical interventions
- Facilitating arrangements for child care
- Service Coordination including services of a tenant services liaison
- Arranging access for acute and emergency care
- Mental health and substance abuse treatment
- Linkage to education and employment
- Arranging access to transportation and
- Services tailored to the frail elderly including securing access to meal services adequate to meet nutritional needs, housekeeping aid, personal assistance, and other services essential to a frail elder maintaining independent living.

SUPPORTIVE SERVICES FOR SPECIAL HOUSEHOLD TYPES OTHER THAN PSH: The range of services tailored to the needs of the category or categories of persons with special

needs occupying the housing in which such services are provided. The costs of Supportive Services must be specified in the Application and separately identified as an expense item in the operating pro-forma or must be provided by a governmental or non-profit agency which evidences in writing a commitment to provide supportive services to special needs households in the Project without charge. For purposes of this definition, Supportive Services are presumed to be provided if such services qualify under HUD Regulations and if HUD informs the Agency in writing that services evidenced in the Application qualify under HUD regulations. Supportive Services must be provided for a period commencing at the placed in service date of a project and ending not earlier than the end of the tax credit compliance period for a project. A description of Supportive Services must contain minimum supportive services required under HUD regulations for such special needs group and may include:

- Daycare
- After-school programs
- Financial and budgeting seminars
- Job training
- Homebuyer training and seminars
- Supervised recreational activities for children
- Transportation to seminars
- Preventive health care programs/health screening on a regular basis
- Transportation to facilitate access to social services, doctors, shopping
- Computer labs/internet hookup and/or tutors
- Library
- Dry-cleaning and/or laundry
- Grocery pickup and/or delivery
- Continuing education
- Information and senior counseling
- Homemaker/housekeeping
- Meals
- 24 hour security/neighborhood watch programs
- Community pets (cost of care provided by project)
- Community gardening
- Weekly exercise class
- Grandparent mentoring programs
- Weekly "day trips" to shopping centers/specialty shopping
- Reading service and library
- Social and recreational programs planned and overseen by the project manager (Monthly birthday parties/holiday dinners and/or parties/potluck dinners, movie nights, bingo)

SURPLUS CASH: Any cash remaining at the end of each fiscal year of the Owner after:

1. the payment of: (i) all sums due or currently *required* to be paid under the terms of (a) the first mortgage and/or the note secured thereby ("First Mortgage") and (b) if applicable, subordinate mortgages with cash flow priority ("Priority Cash Flow Indebtedness") approval by the Agency; (ii) all amounts required to be deposited in the reserve fund for replacements; (iii)

all other obligations of the mortgaged property other than the First Mortgage and Priority Cash Flow Indebtedness, unless funds for payment are set aside or deferment of payment has been approved by the Agency; and (iv) the *Capital Recovery Payments*; and

2. the segregation of: (i) an amount equal to the aggregate of all special funds required to be maintained by the project; and (ii) all tenant security deposits held.

SYNDICATION: The process of acquiring an ownership interest in the Taxpayer by the Syndicator and investing *equity* in the Taxpayer by the Syndicator.

SYNDICATION COSTS: Costs which are not includable in the tax credit basis for either the low income housing credit or the rehabilitation tax credit nor are allowable for depreciation purposes and which are the costs of syndicating a partnership and its related investment units.

SYNDICATION COST CERTIFICATION: A certification by the Taxpayer and Syndicator on the form provided by the Agency which specified among other information costs or items incurred for the packaging of the investment units and the promotion as an investment, including any marketing of the actual units, the production of any marketing memorandums or promotional materials, the mobilization of any broker/dealers who will sell the investment units and the actual sales commissions paid to the sellers of the partnership (whether they are unrelated third parties or the individuals who promoted the investment), including due diligence related aspects of the syndication and legal costs associated with the offering, opinions, inquiries as to certain aspects of the syndication, etc.

SYNDICATION PROCEEDS: The funds generated by the Syndicator from investors seeking to acquire tax benefits in Projects through the Syndicator.

SYNDICATOR: The person or agent involved in directly providing *equity* to the Taxpayer or the person which owns or *controls* the person providing such *equity* Syndication Costs.

TARGETED HOUSEHOLDS: The households to be served by the Project as identified in the Market Study for the Project.

TAX CREDIT REGULATORY AGREEMENT: The form of Tax Credit Regulatory Agreement provided by the Agency pursuant to which the requirements of Section 42 of the Code are satisfied and pursuant to which the Agency enforces the commitments and representations made by the Taxpayer in the Application.

TAXPAYER: The legal entity which will own and operate a project and which will be identified on Form 8609 as the Taxpayer.

TAXPAYER CAPITAL: Amounts other than Gross Equity as evidenced in the audit of the Taxpayer as of the Placed-in-Service Date of the Project as paid-in capital.

TOTAL DEVELOPMENT COSTS: *Development Costs* plus the cost of land.

ULI: Urban Land Institute.

UNIT: Any accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation. Such accommodations may be served by centrally located equipment, such as air conditioning and heating.

URBAN REDEVELOPMENT AREA: An area or areas (i) which are within a city of 20,000 or more but which are outside of a Qualified Census Tract, (ii) which do not exceed in the aggregate 5% of the geographic area of the city and, (iii) which are specified by a local governmental unit as requiring redevelopment or revitalization pursuant to a Concerted Community Revitalization Plan.

URBAN REDEVELOPMENT PROPERTY: A project which is located within an Urban Redevelopment Area.

VACANT UNIT: A housing unit which is certified by the Developer/Owner and the local jurisdiction to have not been occupied for a period of at least 90 days and which is reasonably expected to remain vacant for an indefinite duration because the unit is *substandard*.

SELECTION CRITERIA AND EVIDENTIARY MATERIALS

PLEASE NOTE THAT THE CRITERIA SELECTED BY APPLICANT WILL BE ENFORCED IN THE TAX CREDIT REGULATORY AGREEMENT. CRITERIA SELECTED BY THE APPLICATION DEADLINE CONSTITUTE AN IRREVOCABLE COMMITMENT WITH RESPECT TO THE CONSTRUCTION AND OPERATION OF A PROJECT. EVIDENCE TO SUPPORT QUALIFICATION FOR SELECTION CRITERIA MUST BE ATTACHED AS AN EXHIBIT TO THE APPLICATION "EVIDENTIARY MATERIALS FOR SELECTION CRITERIA".

I. PREFERENCES AMONG SELECTED PROJECTS (Maximum Points: 300)

A. *Deep Affordability*: Only (i) or (ii) or (iii) below may be selected but not more than one:

(i) Ten percent of the project units serve households with Adjusted Median Income (AMI) of not more than:

- | | | |
|-----|---------|---------|
| (a) | 20% AMI | 25_____ |
| (b) | 30% AMI | 20_____ |
| (c) | 40% AMI | 15_____ |
| (d) | 50% AMI | 10_____ |

(ii) Twenty percent of the project units serve households with percentages of Adjusted Median Income (AMI) as follows:

10% of units @ 20% AMI **and** 10% @ 30% AMI 50_____

- **Electing criteria (ii) qualifies Project for receipt of State Project Based Rental Assistance**

(iii) Project is an Additional Affordability Project 50_____

- **Electing criteria (iii) qualifies Project for receipt of State Project Based Rental Assistance**

(iv) *State Project Based Rental Assistance Payment Standard Selected:*

Choose only one of the following options:

- | | | |
|-----|---------|---------|
| (a) | 50% AMI | 25_____ |
| (b) | 55% AMI | 10_____ |
| (c) | 60% AMI | 5_____ |

- **Selection Criteria (iv) is condition for State Project Rental Assistance**

(v) *Set Aside for Deep Affordability Without State Project Rental Assistance (This set aside can be met with project cash flow, Section 8 rental assistance, or other forms of rental assistance. If selected, no points are available under (iv) above.)* 150_____

B. Project Serving Qualified Tenants for Longest Period

Project will execute agreement in which Owner irrevocably waives its rights under the provisions of I.R.C. §42(h)(6)(E) and (F) until after the

- (i) 25th year 10_____
- (ii) 30th year 15_____
- (iii) 35th year 20_____

E. Project Located in QCT/DDA and is included in Concerted Community Revitalization Plan

*Project Located in Qualified Census Tract/
Difficult Development Area/Rural Development Target Area* 10_____

- Specify:
 - (i) Census Tract Number: _____
 - (ii) Parish Location: _____
 - (iii) RD Target Area: _____

Copy of Final Concerted Community Revitalization Plan adopted by local governmental unit included in Application 25_____

F. Project without income/rent limits converts to Mixed Income Project 50_____

G. Project is a Priority Neighborhood Supported Project 150_____

II. LOCATION CHARACTERISTICS (Maximum Points: 30)

A. Neighborhood Features (Maximum 30 points):

- (i) Points Gained*:

Points will be awarded for the following services located within the specified distance of the site. Distance will be measured by odometer from the automobile entrance of the proposed project site to the closest automobile entrance to the parking lot of the applicable service.

Applicant should ensure that the service is suitable for the targeted population. Points will only be awarded for the services listed below.

4 points (1 mile)

- Grocery Store _____
- Public Transportation _____
- Hospital/Doctor Office _____
- Elementary School _____
- Pharmacy/Drug Store _____
- Adult/Child Day Care/ _____
- After School Care _____

3 points (2 miles)

- Public Library _____
- Convenience Store _____
- Bank/Credit Union _____
- Post Office _____

NOTE: 3 points will be awarded for any service listed in the 4 point category that is located over 1 mile but is within 2 miles.

Total Points _____

(ii) Points Deducted*:

(There **is no limit** on the amount of points that can be deducted for negative neighborhood services.) Five points **each** will be deducted if any of the following incompatible uses are adjacent to the site; two points **each** will be deducted if any of the following incompatible uses listed are within ½ mile of the site.

- | | | | |
|---------------------------------------|-------|----------------------|-------|
| Junk yard/dump | _____ | Pig/chicken farm | _____ |
| Salvage yard | _____ | Processing plants | _____ |
| Wastewater treatment facility | _____ | Industrial | _____ |
| Distribution facilities | _____ | Airports | _____ |
| Electrical utility substations | _____ | Liquor Store | _____ |
| Railroads | _____ | Prisons | _____ |
| Adult entertainment/video/
theater | _____ | Solid waste disposal | _____ |

Total Negative Points _____

*The Market Study for every project must include a separate section that evidences whether the Project satisfies the positive points listed or incurs the negative points listed above.

III. PROJECT CHARACTERISTICS (Maximum Points 250)

A. *Design Features* (Maximum 40 points)
(All selections must be certified by project architect)

- (i) Project exceeds 15-year maintenance-free exterior 10_____
- (ii) Project has all brick/stucco exterior 10_____
- (iii) Project has 30-50 year roof warranty 10_____
- (iv) Project has storm windows 10_____

B. *Each of the following are minimum project requirements. Failure of new construction projects to provide the required evidence will result in a 50 point reduction of total score.*

Existing historic buildings that are being renovated may avoid loss of 50 points if, based upon documented historic preservation requirements, that required historic designs prevents achievement of these efficiencies. Full support documentation must be submitted.

- (i) All windows and doors Energy Star Qualified & matching correct climate zones
 - Windows: U-value of 0.4 or less (R-value 2.5 min.)
 - Windows: Solar Heat Gain Coefficient of 0.4 or less
 - Windows: Ten-year warranty from date of delivery against breakage of the glazing panel’s seal.

- (ii) HVAC
 - Energy Star furnace (90% AFUE or greater) or heat pump (HSPF 8.2)
 - Energy Star air-conditioner (SEER 14 or greater)

- (iii) Appliance
 - Energy Star refrigerator
 - Energy Star dishwasher
 - Water heater: Gas (Energy Factor of 0.62 or higher) or Electric (Energy Factor of 0.93 or higher)
 - All of the above components must be clearly and individually listed in an original stamped letter from either the architect or engineer of record. The letter must state that the entire construction envelope meets or exceeds the 2006 International Energy Conservation Code. Manufacturer’s cut sheets must be submitted to document the energy efficiency of each component for which points are claimed.

C. *Optional Unit Amenities (Maximum 25 points)*

- (i) Washers and dryers are installed and maintained in every unit 15____
- (ii) Dishwashers and disposal maintained in each unit 10____

D. *Project Provides Community Facilities, not Neighborhood Network* 10____

E. *High-speed Internet Access/Computer Training, not Neighborhood Network*

On site Business Center equipped with computers and high speed internet access, fax machine, and copier available to all tenants. Must be a dedicated room or building and not used in conjunction with any other supportive service.

(Requires at least 25:1 unit to computer ratio) 15____

F. *Redevelopment Project (Not Qualified for Selection Criteria III.G.)* 60____

- Provide written certification from HUD or RD if property is Distressed Property

- G. *Rehabilitation Project Constituting:*
- (i) *Substantial Rehabilitation: (for acquisitions only)* 25____
 - Specify Rehabilitation Hard Costs Per Unit: \$_____
 - *Capital Needs Assessment* must evidence Substantial Rehabilitation
 - (ii) *Rehab of Historic Property damaged by Hurricane Katrina or Rita* 25____
- H. *Project is a Priority HUD Rehabilitation Project in which the Low Income Units do not exceed 60% of the total units* 60____
 See Glossary for definition of “Low Income Units”
- I. *Vacant Units in Project as Percentage of Total Units*
- (i) Minimum of 25% but less than 50% 10____
 - (ii) Minimum of 51% but less than 75% 20____
 - (iii) 75% or above 30____
 - Submit letter from local jurisdiction that unit has been vacant for at least 90 days and is likely to remain vacant because unit is *substandard*
 - *Capital Needs Assessment* must evidence inspection of all vacant units.
- J. *All Buildings in the Project are Green Buildings* 25____
 See Glossary for definition of “Green Building.”
- K. *Project Contains Neighborhood Network and Neighborhood Network Funding* 50____
- IV. SPECIAL HOUSEHOLD POPULATIONS (Maximum Points: 150)**
- A. *Percentage of Units having Four or more Bedrooms set aside for Large Family Households (Maximum 20 points)*
- (i) Number of Units:_____ =5% but less than 10% 5____
 - (ii) Number of Units:_____ =10% but less than 15% 10____
 - (ii) Number of Units:_____ =15% but less than 20% 15____
 - (iv) Number of Units:_____ *Scattered Site Project* 20____
 Exceeding 20%
- B. *On-site Day Care Service* 25____
 - Attach (i) the defined scope of service and costs, if any, to the tenant and (ii) Day Care Services Agreement.
- C. *Project contains Accessible Units in excess of Section 504 of*

Rehabilitation Act of 1973 (Assume Section 504 applies to all Projects, i.e., 5% of units must be accessible for people with mobility impairments and 2% for people with hearing or vision impairments)

- (i) Number of Units: _____ = more than 7% of the total units 5 _____
but less than or equal to 10% of the total units
- (ii) Number of Units: _____ = more than 10% of the total units 10 _____
but less than or equal to 15% of the total units
- (iii) Number of Units: _____ = more than 15% of the total units 15 _____

- Submit number, percentage and description of construction and/or equipment provided for each Accessible Unit.

D. *Project is Single Room Occupancy* 50 _____

- Submit evidence from local governmental unit or appropriate continuum of care district that project satisfies need for homeless shelter

E. *Project is Elderly Project and provides Supportive Services* 50 _____

- Application must include the following:
 - (i) Description of Supportive Services tailored to each Elderly Household (See Supportive Services Definitions)
 - (ii) Costs per annum of Supportive Services per Elderly Household or written commitment from governmental or non-profit agency that Supportive Services will be provided to Project without cost
 - (iii) Experience of Taxpayer/Owner in developing Projects servicing Elderly Households
 - (iv) Evidence in market study that demand for Elderly Household Units may be satisfied by Project.

F. *Project is Permanent Supportive Housing Project (15%-50% set aside)*
At least 15% and up to 50% 50 _____

- **Electing this criteria is a prerequisite for receipt of Community Block Grant Funds (CDBG) as part of the Road Home Initiative related to *Permanent Supportive Housing* (See Exhibit A) For PSH projects, the goal is to serve a broad range of eligible populations. The Agency, in consultation with DHH/DSS, may award fewer than the maximum points in this category if the project *sponsor* proposes to serve persons with disabilities but not to serve the entire range of persons with disabilities (see *Eligible Target Population for Permanent Supportive Housing*); for example, a *sponsor* that proposes to serve only persons with developmental disabilities.**

G. *Permanent Supportive Housing Units Equal 10% of Total Units:* 25____
No points if IV(F) selected.

**V. MIXED INCOME AND POVERTY DE-CONCENTRATION PROJECTS
(Maximum Points: 280)**

A. *Project Diversity: Percentage of Low Income Units in Project does not exceed:*

- (i) 60% of the Total Project units 30____
- (ii) 50% of the Total Project units 40____
- (iii) 40% of the Total Project units 50____
- (iv) 30% of the Total Project units 60____
- (iv) 20% of the Total Project units 70____

- **Electing this criteria is a prerequisite for receipt of Community Block Grant Funds (CDBG) as part of the Road Home Initiative related to Deconcentration Projects (See Exhibit B)**

B. *Geographic Diversity: Project is located in census tract in which the median income of the census tract exceeds the area median income (not applicable to mixed income projects)* 30____

C. *Scattered Site Project* 50____

- Must also select III.C.
- Submit list of each separate address and square footage and costs of each separate building

D. *Project promotes redevelopment of area with history of concentrated poverty and high density/functionally obsolete housing:* Points must be evident in (i), (ii), (iii) and (iv) of the following subsections.

(i) *Density History*

Specify highest unit count per acre since 1970. Choose only one of the following:

- (a) More than 30 but less than 35 5____
- (b) 35 but less than 45 10____
- (c) 45 but less than 50 15____
- (d) 50 or more 20____

(ii) *Average Age of Pre-existing Housing on Redevelopment Site as of 2000 Census*

Choose only one of the following:

- (a) More than 30 years but less than 40 years 5____

- (b) 40 years but less than 50 years 15____
- (c) 50 years but less than 60 years 25____
- (d) 60 years or more 35____

(iii) Highest Percentage Households in Poverty from Census

Choose only one of the following:

- (a) More than 20% but less than 30% 5____
- (b) At least 30% but less than 40% 10____
- (c) At least 40% but less than 50% 15____
- (d) At least 50% 20____

(iv) Proposed Units Per Acre on Project Site

Choose only one of the following:

- (a) More than 20 but less than 25 units 10____
- (b) At least 15 but not more than 20 15____
- (c) At least 10 but not more than 15 20____

(v) Homeownership Units on Redeveloped Site

Specify homeownership as percentage of total units on redevelopment site:

- (a) At least 10% but not more than 15% 5____
- (b) At least 15% but not more than 20% 10____
- (c) At least 20% but not more than 25% 15____
- (d) 26% or more 25____

E. *GAP Financing Required by Mixed Income Project as Percentage of Total Development Cost*

- (a) More than 20% but less than 30% 25____
- (b) At least 30% but less than 40% 20____
- (c) At least 40% but less than 50% 15____
- (d) At least 50% 10____

F. *Interest Rate on GAP Financing*

Choose one of the following:

- (a) Zero Percent (0.0%) 0____
- (b) One Percent (1%) 5____
- (c) Four Percent (4%) 10____
- (d) Applicable Federal Rate 15____

VI. SPONSORSHIP CHARACTERISTICS Maximum Points: 30)

A. *Louisiana Developer* 10____
• See definition of Louisiana Developer and *Sponsor* in Glossary

B. *Contact Person listed in Application attended Agency sponsored Workshop in Calendar Year 2005 or 2006 for 2006 Credit Ceiling* 10____

Specify Name of *Contact Person*: _____

C. *Development will be managed by a Property Management Company or On-Site Manager that has received LIHTC Compliance Certification dated no more than 12 months prior to the Application deadline from a program deemed acceptable to the Agency in accordance with industry recognized training standards.* 10____
• Submit certification from national trainer

VII. LEVERAGE AND OTHER CONSIDERATIONS (Maximum Points 160)

A. *Local Government reduces project development costs by providing CDBG, local HOME or other local governmental assistance/funding in the form of loan, grants, rental assistance, or a combination of these forms or by:*

- *Waiving water and sewer tap fees;*
- *Waiving building permit fees;*
- *Foregoing real property taxes during construction;*
- *Contributing land for project development;*
- *Providing below market rate construction and/or permanent financing;*
- *Providing an abatement of real estate taxes;*
- *Providing other project operational cost subsidies, and/or, Making other financial contributions.*

- (i) 7% or more of total project development cost reduction 20____
- (ii) Greater than or equal to 4% but less than 7% of total project development cost reduction 15____
- (iii) 2% but less than 4% of total project development cost reduction 10____

B. *Ratio of Project's Intermediary Cost to Development Costs*
(See Project Summary for Formula to calculate ratio)

- (i) Less than or equal to 10% 20____
- (ii) More than 10% but less than or equal to 15% 15____
- (iii) More than 15% but less than or equal to 20% 10____

C. (i) *Leverage Ratio (Divided Total Dollars from Sources by Net Equity*

and round down to nearest whole multiple)

- | | | | |
|-----|----------|----|-----|
| (a) | Equals 1 | 5 | ___ |
| (b) | Equals 2 | 10 | ___ |
| (c) | Equals 3 | 15 | ___ |
| (d) | Equals 4 | 20 | ___ |
| (e) | Equals 5 | 25 | ___ |

Specify Sources: _____ ÷ Net Equity: _____ = _____ Leverage Ratio

(iv) *Leverage consists of federal or other funds for persons with disabilities:*

List: _____ 15 ___

D. *Syndication Efficiency (Divide Net Equity by the Tax Credits requested by Project from credit ceiling)*

Net Equity

- | | | | |
|-------|-------------------|----|-----|
| (i) | Less than \$7.00 | 0 | ___ |
| (ii) | \$7.00 to \$8.00 | 10 | ___ |
| (iii) | \$8.01 to \$9.00 | 20 | ___ |
| (iv) | \$9.01 to \$10.00 | 40 | ___ |
| (v) | \$10.01 or more | 50 | ___ |

Specify Net Equity: _____ ÷ Requested Credits: _____ = _____ (Syndication Efficiency)

E. *Percentage of Developer Fee to Be Deferred*

Choose only one of the following:

- | | | | |
|-----|---------------------------------|----|-----|
| (a) | More than 20% but less than 30% | 10 | ___ |
| (b) | At least 30% but less than 40% | 20 | ___ |
| (c) | At least 40% but less than 50% | 30 | ___ |
| (d) | At least 50% | 40 | ___ |

F. *HOME Fund Leverage per HOME Assisted Unit*

Choose only one of the following:

- | | | | |
|-----|---|----|-----|
| (a) | More than \$10,000 but less than \$50,000 | 75 | ___ |
| (b) | \$50,000 but less than \$75,000 | 50 | ___ |
| (c) | \$75,000 but less than \$100,000 | 25 | ___ |
| (d) | \$100,000 but less than \$125,000 | 10 | ___ |

VIII. PENALTY POINTS (Any application receiving penalty points from F below may be sanctioned by disqualification of the application for tax credits at the sole discretion of the Louisiana Housing Finance Agency)

- A. New construction project which does not meet the new FEMA Guidelines dated 4/12/2006 for elevation of housing relative to Base Flood Elevation -75____
- Attach an architect certification for any project located inside a levee protected area
- B. Rehabilitation Project which does not include in its scope of work elevation of the project to meet the new FEMA Guidelines dated 4/12/2006 for flood elevation with the exception of historic rehabilitation projects -75____
- Attach a flood elevation survey for any project located inside a levee protected area
- C. Any project which utilizes a condominium or division of a site for the purpose of receiving Low Income Housing Tax Credits in excess of the QAP stated maximum -75____
- D. Project, including a *Scattered Site* Project, concentrating 200 Low Income Units within a 1 mile radius, with exceptions for Mixed Income Projects, Poverty De-concentration Projects and Priority Neighborhood Supported Projects -300____
- F. Any project involving repair of physical damage on which an insurance claim is made and received but applicant fails to disclose and utilize insurance proceeds in the development budget to reduce the use of Low Income Housing Tax Credits -75____
- Attach Insurance Certification for any Redevelopment Project (III.F.) or Rehabilitation Project (III.G.)
- G. *Viability Penalty Points*
- (i) Net Equity is less than or equal to five (5) times Developer Fee -15____
- (a) ÷ (b) must be greater than (c)
- (a) Specify Net Equity from Syndication Information
 (b) Specify Developer Fee
 (c) Must be greater than five (5) or penalty points apply
- (ii) Rehabilitation Hard Costs are less than \$6,000 per unit -25____
- Specify Total Rehab Hard Costs: \$ _____ ÷ Number of Units: _____ = \$ _____/unit

- (iii) Development fee exceeds 25% of hard costs for rehabilitation -25__
- (iv) Incomplete or Missing Exhibits, Appendices or Documents -20__
 - Does not include Required Exhibits which must be submitted by Application Deadline. Missing Required Exhibits will result in Application being rejected.

Applications for a project that will have units in more than one local government jurisdiction must provide resolutions from all jurisdictions in which there are project units.

H. Conversion of 50% or More Market Units in Project to Low Income Units -100__

EXHIBIT B

The following list represents the eight parishes that qualify for this allocation of credits, and is consistent with the parameters and definitions provided by the Louisiana Recovery Authority in the Road Home Plan;

1. **CALCASIEU**
2. **CAMERON**
3. **JEFFERSON**
4. **ORLEANS**
5. **PLAQUEMINES**
6. **ST. BERNARD**
7. **ST. TAMMANY**
8. **VERMILLION**

COMPLIANCE MONITORING AGREEMENT

I

WHEREAS, the undersigned taxpayer-owner (the "Owner") of the qualified low-income buildings and/or project described in **Exhibit A** hereto acknowledges and agrees that, pursuant to §42(l) of the Internal Revenue Code of 1986, as amended (the "Code"), the Secretary of Treasury (the "Secretary") may require certifications concerning information in such form and such manner as the Secretary prescribes with respect to any qualified low-income building under §42 of the Code; and

II

WHEREAS, §42 of the Code provides for a low-income housing credit (the "Housing Credit") that may be claimed as part of the general business credit under §38 of the Code; and

III

WHEREAS, the Housing Credit determined under §42 of the Code is allowable only to the extent that the Owner receives a housing credit allocation from a housing credit agency such as the Louisiana Housing Finance Agency (the "Agency"), unless the building is exempt from the allocation requirements by reason of §42(h)(4)(B) of the Code; and

IV

WHEREAS, under §42(m)(1)(A) of the Code, the Housing Credit for any building is zero unless the amount was allocated pursuant to a qualified allocation plan (the "Allocation Plan") of the Agency; and

V

WHEREAS, under §42(m)(1)(D) of the Code, the Housing Credit for any project qualifying under §42(h)(4) of the Code is zero unless the project satisfies the requirements for allocation of a Housing Credit under the Allocation Plan of the Agency; and

VI

WHEREAS, under §42(m)(1)(B)(iii) of the Code, an allocation plan is not qualified unless it contains a procedure that the Agency (or an agent of, or private contractor hired by, the Agency) will follow in monitoring compliance with the provisions of §42 of the Code and notifying the Internal Revenue Service (the "IRS") of any non-compliance of which the Agency becomes aware; and

VII

WHEREAS, §42(m)(1)(B)(iii) of the Code is effective on January 1, 1992, and applies to all buildings placed in service for which a Housing Credit is, or has been, allowable at any time; and

VIII

WHEREAS, final regulations relating to (i) the requirement that State allocation plans provide a procedure for the Agency to monitor for compliance with the requirements of §42 of the Code, (ii) how the Agency is to report any non-compliance to the IRS, and (iii) the affect of such regulations on the Agency, owners of buildings or projects for which a Housing Credit is claimed, and taxpayers claiming the Housing Credits are contained in Section 1.42-5 of the Treasury Regulations (the "Compliance Regulations"); and

IX

WHEREAS, the Compliance Regulations provide that a procedure for monitoring for non-compliance under §42(m)(1)(B)(iii) must include the following:

- A. Record-keeping and Record Retention Provisions;
- B. Certification and Review Provisions;
- C. Inspection Provisions; and
- D. Notification of Non-Compliance Provisions.

X

WHEREAS, pursuant to the Record-keeping provisions of §1.42-5(b)(1), the Agency must require the Owner to keep records for each qualified low-income building that show for each year in the compliance period:

- (i) the total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
- (ii) the percentage of residential units in the building that are low-income units;
- (iii) the rent charged on each residential rental unit in the building (including any utility allowances);
- (iv) the number of occupants in each low-income unit, but only if rent is determined by the number of occupants in each unit under §42(g)(2) (as in effect before the amendments made by the Revenue Reconciliation Act of 1989);

- (v) the low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented;
- (vi) the annual income certification of each low-income tenant per unit, unless an exception to the annual re-certification is available because an entire building is occupied by low-income tenants under Section 42(g)(8)(B) of the Code;
- (vii) documentation to support each low-income tenant's income certification; for example, a copy of the tenant's federal income tax return, Forms W-2, or verifications of income from third parties such as employers or state agencies paying unemployment compensation, unless an exception to the annual re-certification is available because an entire building is occupied by low-income tenants under Section 42(g)(8)(B) of the Code. *[Tenant income is calculated in a manner consistent with the determination of annual income under §8 of the United States Housing Act of 1937 ("Section 8"), not in accordance with the determination of gross income for federal income tax liability.]* In the case of a tenant receiving housing assistance payments under Section 8, the documentation requirement of this subparagraph (vii) is satisfied if the public housing authority provides a statement to the building owner that the tenant's income does not exceed the applicable income limit under Section 42(g) of the Code.
- (viii) the eligible basis and qualified basis of the building at the end of the first year of the credit period; and
- (ix) the character and use of the nonresidential portion of the building included in the building's eligible basis under §42(d) (e.g., tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or facilities reasonably required by the project).

XI

WHEREAS, pursuant to the Record Retention provisions of §1.42(5)(b)(2), the Agency must require the Owner to retain records described in §1.42-5(b)(1) for at least six years after the due date (with extensions) for filing the federal income tax returns for that year; provided, however, that the records for the first year of the credit period must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building; and

XII

WHEREAS, pursuant to the Certification provisions of §1.42-5(c)(1) the Agency must require the Owner to certify at least annually to the Agency that, for the preceding 12-month period:

- (i) the project met the requirements of:
 - (a) the 20-50 test under §42(g)(1)(A) or the 40-60 test under §42(g)(1)(B), whichever minimum set-aside test was applicable to the project; and
 - (b) if applicable to the project, the 15-40 test under §42(g)(4) and 142(d)(4)(B) for "deep rent skewed" projects;
- (ii) there was no change in the applicable fraction (as defined in §42(c)(1)(B)) of any building in the project, or that there was a change, and a description of the change;
- (iii) the Owner has received an annual income certification from each low-income tenant, and documentation to support that certification; or, in the case of a tenant receiving §8 housing assistance payments, the statement from a public housing authority described at 26 CFR 1-42-5(b)(1)(vii), unless an exception to the annual re-certification is available because an entire building is occupied by low-income tenants under Section 42(g)(8)(B) of the Code;
- (iv) each low-income unit in the project was rent-restricted under §42(g)(2);
- (v) all units in the project were for use by the general public (as defined in Section 1.42-9 of the Treasury Regulations), including the requirement that no finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, occurred for the Project. A finding of discrimination includes an adverse final decision by the Secretary of the Department of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 USC 361a(a)(1), or an adverse judgment from a federal court;
- (vi) the buildings and low-income units in the project were suitable for occupancy, taking into account local health, safety, and building codes (or other *habitability standards*), and the State or local government unit responsible for making local health, safety or building code inspections did not issue a violation report for any building or low-income unit in the project. If a violation report or notice was issued by the governmental unit, the owner must attach a statement summarizing the violation report or notice or a copy of the violation report or notice to the annual certification submitted to the Agency under paragraph (c)(1) of the Compliance

Regulations. In addition, the owner must state whether the violation was corrected;

- (vii) there was no change in the eligible basis (as defined in §42(d)) of any building in the project, or if there was a change, the nature of the change (e.g., a common area has become commercial space or a fee is now charged for a tenant *facility* formerly provided without charge);
- (viii) all tenant facilities included in the eligible basis under §42(d) of any building in the project, such as swimming pools, other recreational facilities, and parking areas, were provided on a comparable basis without charge to all tenants in the building;
- (ix) if a low-income unit in the project became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income;
- (x) if the income of tenants of a low-income unit in the project increased above the limit allowed in §42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the project was or will be rented to tenants having a qualifying income; and
- (xi) an extended low-income housing commitment as described in section 42(h)(6) of the Code was in effect (for buildings subject to section 7108(c)(1) of the Omnibus Budget Reconciliation Act of 1989, 103 Stat. 2106, 2308 - 2311 (1989)), including the requirement under section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f (for buildings subject to section 13142(b)(4) of the Omnibus Budget Reconciliation Act of 1993, 107 Stat 312, 438 - 439 (1993)); and
- (xii) all low-income units in the project were used on a non-transient basis (except for transitional housing for the homeless provided under section 42(i)(3)(B)(iii) or single-room-occupancy units rented on a month-by-month basis under section 42(i)(3)(B)(iv)).

XIII

WHEREAS, pursuant to the Review provisions of §1.42-5(c)(2), the Agency must:

- (i) review owner certifications under Section 1.45-5(c)(1) for compliance with the requirements of Section 42,
- (ii) conduct on-site inspections of all buildings in the project by the end of the second calendar year following the year the last building in the project is placed in service and, for a least 20 percent of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and
- (iii) at least once every 3 years, conduct on-site inspections of all buildings in the project and, for at least 20 percent of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and
- (iv) require that the Agency randomly select which low-income units and tenant records are to be inspected and reviewed by the Agency. *[The review of tenant records may be undertaken wherever the owner maintains or stores the records (either on-site or off-site). The units and tenant records to be inspected and reviewed must be chosen in a manner that will not give owners of low-income housing projects advance notice that a unit and tenant records for a particular year will or will not be inspected and reviewed. However, the Agency may give an owner reasonable notice that an inspection of the building and low-income units or tenant record review will occur so that the owner may notify tenants of the inspection or assemble tenant records for review (for example, 30 days' notice of inspection or review).]*

XIV

WHEREAS, pursuant to the Frequency and Form of Certification provisions of §1.42-5(c)(3), the Agency must require that Owners submit certifications under penalty of perjury at least annually covering each year of the 15-year compliance period under §42(i)(1); and

XV

WHEREAS, pursuant to the Inspection provisions of §1.45-5(d), the Agency must have the right to perform an on-site inspection of any low-income housing project at least through the end of the compliance period of the buildings in the project, which inspection is a separate requirement from any tenant file review under paragraph (c)(2)(ii) of the Compliance Regulations; and

XVI

WHEREAS, pursuant to the Notification of Non-Compliance provisions of 1.42-5(e)(2) and (3), the Agency agrees to give notice to the Owner and to the IRS, respectively, if the Agency (i) does not receive required certifications of the Owner, (ii) does not receive or is not permitted to inspect the tenant income certifications, supporting documentation, and rent records or (iii) discovers by inspection, review, or in some other manner, that the project is not in compliance with the provisions of §42; and

XVII

WHEREAS, pursuant to the provisions of §1.45-5(e)(4), relating to the correction period, the Owner will be permitted by the Agency to supply any missing certifications and bring the project into compliance with the provisions of §42 within a period which ends not later than 90 days from the date the Agency mails a Notice of Non-Compliance to the Owner; and

XVIII

WHEREAS, pursuant to the provisions of §1.45-5(g), the Owner acknowledges that compliance with the requirements of §42 is the responsibility of the Owner and that the Agency's obligation to monitor for non-compliance pursuant to §42 and the Compliance Regulations does not make the Agency liable for the Owner's non-compliance.

XIX

WHEREAS, this Compliance Monitoring Agreement is intended to comply with the requirements of §42(m)(1)(B)(iii) and the Compliance Regulations with respect to the procedures which the Agency (or an agent or other private contractor of the Agency) will follow in monitoring for non-compliance and in notifying the IRS of such non-compliance of which the Agency becomes aware;

NOW, THEREFORE, the Louisiana Housing Finance Agency, acting through its duly authorized officers, and the undersigned Owner hereby agree, covenant and represent as follows:

SECTION 1. Record-keeping by the Owner. The Owner agrees to develop and maintain, for each qualified low-income building for each year of the compliance period for such buildings or project described in **Exhibit A** the records and information which the Agency must require the Owner to keep as described in paragraph X of the preamble hereof and as required pursuant to §1.42-5(b)(1) of the Compliance Regulations.

SECTION 2. Record Retention by the Owner. The Owner agrees to maintain and retain the records and information described in paragraph X of the preamble hereof for the time described in paragraph XI of the preamble hereof and for the time which the Agency must require the Owner to maintain and retain such records and information pursuant to §1.42-5(b)(2) of the Compliance Regulations.

SECTION 3. Certifications by the Owner. The Owner agrees to submit by February 15th of each calendar year the certifications of the form attached hereto as **Exhibit B** with respect to the immediately preceding calendar year which the Agency must require from the Owner as described in paragraph XII of the preamble hereof and as required pursuant to §1.42-5(c)(1) of the Compliance Regulations.

SECTION 4. Submission of Low-Income Tenant Annual Income Certification Documentation and Rent Records. The Owner agrees to submit (i) by February 15th of each calendar year on the form attached hereto as **Exhibit C** information on tenant income and rent for each low income unit and (ii) within fifteen (15) calendar days of a written request of the Agency (a) a copy of the annual income certifications, and the documentation the owner has received to support that certification, with respect to the number and/or percentage of low-income tenants and (b) the rent record for each low-income tenant in the percentage (not less than 20%) of low-income units in the project described in **Exhibit A** as specified by the Agency.

SECTION 5. Project Inspection. The Owner agrees, acknowledges and specifically provides that the Agency has the right to perform an on-site inspection of the project described in **Exhibit A** at least through the end of the latter of the compliance period or extended use period.

SECTION 6. Delivery of IRS Forms. The Owner agrees to provide to the Agency the following:

- (a) Copy of IRS Form 8609 for each qualified low-income building;
- (b) Copy of Schedule A to Form 8609 for each qualified low-income building;
- (c) Copy of IRS Form 8586.

SECTION 7. Annual Compliance/Monitoring Fee. The Owner agrees to submit on or before December 31 of each year, beginning with the year any building in the Project is placed in service, the Annual Compliance Monitoring Fee constituting a minimum fee to be computed as follows:

<u>Project Size</u>	<u>Minimum Fee</u>
1-4 units	\$ 20.00
5-16 units	80.00
17-32 units	160.00
33-60 units	*
61-100 units	*
Over 100 units	*

*Minimum fee is amount equal to 50% of units in Project times \$10.00.

The Agency reserves the right to charge such additional amounts at any time as may be required to monitor compliance in accordance with the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto.

The Owner further acknowledges and agrees that failure to submit the Annual Compliance/Monitoring Fee will result in the Agency reporting that the Owner has failed to deliver the appropriate certifications and/or other documentation necessary to satisfy the Compliance Regulations.

SECTION 8. Captions. The captions or headings in this Compliance Monitoring Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Compliance Monitoring Agreement.

SECTION 9. Counterparts. This Compliance Monitoring Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 10. Acceptance by Owner. The undersigned Owner hereby acknowledges receipt of an executed counterpart of this Compliance Monitoring Agreement and hereby approves the terms and provisions thereof and agrees to be bound by all the provisions thereof applicable to Owner.

LOUISIANA HOUSING FINANCE AGENCY

PRESIDENT

(Name of Owner)

By:
Title:

Dated: _____, 200__