# THE STATE OF NEVADA
# 2003 QUALIFIED ALLOCATION PLAN
# for
# LOW-INCOME HOUSING TAX CREDITS
# HEARING DRAFT JULY 19, 2002

**2003 ANNUAL ALLOCATION PLAN**
**for**
**LOW-INCOME HOUSING TAX CREDITS**
**DRAFT JULY 12, 2002**

## Section 1 General Information

Nevada's 2003 Qualified Allocation Plan (QAP) will be adopted pursuant to regulations of the Nevada Housing Division (Division) regarding Low-Income Housing Tax Credits (Tax Credits) and, when read together, the regulations, the application form, the instructions and the compliance manual constitute the Division's QAP for the Low Income Housing Tax Credits Program pursuant to Section 42 of the Internal Revenue Code of the United States and implementing regulations.

Provisions in this annual plan are for the plan year 2003 that begins on January 1, 2003, and terminates on December 31, 2003. All reservations of Tax Credits made during the plan year will be subject to this annual plan.

The Division will continually update our web page with information regarding the QAP as soon as possible and appropriate. The address is www.nvhousing.state.nv.us.

## Section 2 Deadlines and Dates

A. Training Dates/Reservations for Sessions

The training date in Carson City will be on November 21, 2002 at 9:00 a.m. at the Division's Office located at 1802 North Carson Street, Suite 154, Carson City, NV. Persons desiring to attend should notify the Division by November 18, 2002 so that space and materials may be assured.

The training date in Las Vegas will be on November 21, 2002 at 9:00 a..m. in the second floor conference room at 1771 E. Flamingo Rd., Suite 206-B. Persons desiring to attend should notify the Division by November 18, 2002 so that space and materials may be assured. A telephone hookup with both Division offices will be established to discuss any questions relating to the 2003 QAP.

B. Costs

The cost of this training is $15.00 per person. The registration fee must be prepaid by check to the Division's offices in Carson City or Las Vegas, by November 18, 2002, depending on the session chosen. **(Cash cannot be accepted.)**

C. Application Deadlines

Pursuant to Nevada Administrative Code (NAC) 319.974, applications and all supporting documentation must be received by the Division at either its Las Vegas or Carson City office by 5:00 p.m. April 11, 2003, unless otherwise notified by the Division. One original and one copy of the application must be submitted. Applicants are encouraged to send in applications more than 10 days before the deadline to take advantage of a pre-deadline review period. The Division will allow an extension of the 10-day review period if HUD guidelines required for the finalization of the QAP are delayed. The Division will make an announcement regarding the extension if applicable.

D. Request for Additional Tax Credits

Projects requesting additional Tax Credits due to the increased cost of construction may file for the credits as follows: submit an updated application and formal letter to the Division outlining the reason for the request.

The additional Credits, if allocated, will be based as follows: 1. If Credits are available at the end of the competitive round and the Division does not deem a second round necessary; 2. Additional Credits will be limited to 5% of the original award; 3. The applications will be ranked by point score of the year of the initial allocation; and 4. A project may apply only once for additional Credits.

Additional Credits can only be based on the increase of eligible basis excluding Developer and Contractor Fee

E. Carryover Deadline

Pursuant to the year-end tax bill of 2000, the 10% test for carryover will be extended for six months from the date of allocation. Carryover information must be received by 5:00 p.m., August 30, 2003. The Division will issue carryover allocations on September 30, 2003. The project owner must meet the 10% test by March 31, 2004. In addition, the project owner must supply the Division with a Federal Tax Identification Number to receive a carryover commitment.

F. Market Area Saturation

Excepting communities located within Washoe County and Clark County, Nevada, projects located in communities with populations estimated at less than 50,000 may be ineligible for an allocation of Tax Credits from the current plan year if, within the preceding three years, an allocation of Tax Credits was made and the prior project has not reached an occupancy rate of 75%. However, if the proposed project is targeting a different population of tenants than the prior project, or if the applicant can demonstrate significant market demand that would not be met by 100% occupancy of the prior project, then the proposed project may be eligible for an allocation of Tax Credits from the current plan year. A community within this category is eligible for only one project from the current plan year.

The population estimate will be based on the State's Demographer's estimate of record as of the date of application.

## Section 3 Findings of the Division; Identification of Housing Needs

The Division has reviewed the State's Consolidated Plan (CP) and the CPs of various state and local governments and the Division's market studies for the Las Vegas and Reno markets as well as materials it deems relevant to its inquiry regarding the availability of all types of affordable housing, including single family units, manufactured housing alternatives, rental units and public assisted housing. In addition, high concentrations of low-income persons, vacancy rates, and the conditions of existing housing units were reviewed. These studies can include surveys of federal and public housing agencies located within the state, surveys of city planners, county assessors, and compilations of demographic statistics. After examining the information available, the Division has identified the following housing needs for this plan year: (See Attachment A).

A. There is an inadequate supply of transitional housing to support the needs of the homeless within Nevada. This element is critical in moving the homeless toward self-sufficiency and a clean and decent place to live.

B. A significant number of Nevada households live below the poverty level. Of those households, the number of persons 65 and older, families, including families with children and female heads of households, are significant.

C. There is an inadequate supply of affordable, standard housing units for low-income persons generally low-income elderly and families with single heads of households.

D. There is a lack of affordable, handicapped accessible housing units for the physically disabled who generally have low incomes. Throughout this QAP, the term "handicapped" refers to those persons as defined in the Federal Fair Housing Act and implementing regulations by the Department of Housing and Urban Development.

E. The vacancy rate among three-bedroom units is somewhat lower than the vacancy rate of one- and two-bedroom units.

F. Certain counties and communities are experiencing economic growth. It appears an insufficient amount of housing is being developed for low-income persons in these high growth counties and communities.

G. Rental housing needs related to overcrowding, lack of essential facilities, and disproportionate cost exist across the state.

H. A significant number of housing units within the state suffer from obsolescence and deteriorated housing conditions.

I. Other special housing needs as defined in the BBC study of 2002.

In consideration of the housing needs identified by the various CPs, the Division has established certain selection criteria and a schedule of preference points to determine which projects will receive priority in receiving the Tax Credits under provisions of this QAP.

## APPORTIONMENT OF TAX CREDITS

### Section 4 Apportionment Accounts and Initial Balances

The Per Capita Tax Credit (PCTC) for 2003 will be $1.75 and will be adjusted to the CPI thereafter. It is the responsibility of the project owner to contact the Division prior to the submission on an application to determine the actual amount of apportionment to each set-aside or other sub-account. If the PCTC is not available by March 8, 2003, the application deadline will be extended 10 days from the date that the PCTC is published in the Federal Register. The information also will be available on the Division's web site, www.nvhousing.state.nv.us.

The Division reserves the right to round up or down the actual dollar amount designated to any set-aside or geographical apportionment.

THE STATE CEILING IS: Estimated to be $3,900,000.

CARRYOVER AND OTHER CREDITS
Total available for 2003 allocation $3,900,000.00

NON-PROFIT SET-ASIDE
10% of the State's ceiling $390,000.00

USDA-RD SET-ASIDE – (New Construction and Rehab projects with or without rental assitance.)
5% of the State's ceiling $195,000.00
TOTAL SET-ASIDES $585,000.00

THE GEOGRAPHIC APPORTIONMENT, SUB ACCOUNTS ARE:
(The remainder of the state ceiling, net of all set-asides, based on population percentage)

| | | |
|---|---|---|
| Clark County | $2,320,500.00 | 69% |
| Washoe County | $ 530,400.00 | 16% |
| Other Counties | $ 464,100.00 | 15% |
| TOTAL GEOGRAPHIC APPORTIONMENT | | $3,315,000.00 |

See NAC 319.972

## SELECTION CRITERIA

### Section 5 Minimum "Threshold" Requirements

The following reflect minimum threshold requirements:

A. A 30-year compliance period for all projects is required. The project owner has the option of extending this period in increments of 10 years, for a total of 50 years. Projects intended for eventual tenant ownership and for frail elderly, assisted housing and housing for seniors with Alzheimer's disease are exempt from this threshold requirement as the compliance period may be the minimum of 15 years. (See Sections 9C and 9D).

The Division will not agree to stipulations which request Division to reduce the affordability period of Low Income Housing Tax Credit Project.

B. Rent must be restricted to one of the following elections:

1. A minimum of 40% of the units will be occupied by households with incomes at or below 60% AMI. In 100% Tax Credits projects, all units must be rent and income restricted to 60% of AMI or lower.

2. A minimum of 20% of the units will be occupied by households with incomes at or below 50% AMI. In 100% Tax Credits projects, all units must be rent and income restricted to 50% of AMI or lower.

C. The project must be financially feasible at the time of application and at the time the Division makes a final award of Tax Credits.

D. The project must provide decent, safe and sanitary housing for low-income persons as set forth in any applicable statute or regulation during the compliance period and with minimum annual replacement reserves as follows:

1. For new construction senior projects, $200.00 per unit.

2. For all other projects, $250.00 per unit.

Annual replacement reserves that exceed the above referenced minimums by more than 20% may be considered excessive and the Division may require additional documentation supporting the higher annual replacement reserve. The Division reserves the right to limit excessive minimum reserves.

E. The project owner must provide a market study conducted by an independent third party that provides evidence of the need of the project at the proposed location. The market study must be conducted by a firm with the following qualifications: (1) at least five years of experience, with a strong background assessing affordable housing markets, (2) multi-state experience, (3) principals with a minimum of a bachelor's degree in real estate development/finance, planning, marketing, accounting, statistics or a related field, (4) affiliation as member or associate member of a nationally recognized housing or real estate market research association The market study must include a competency statement and the following:

1. A statement of the competence of the market analyst;

2. A description of the proposed site;

3. A demographic analysis of the number of households in the market area which are income eligible and can afford to pay the rent;

4. A geographic definition and analysis of the market area;

5. An analysis of household sizes and types in the market area;

6. A description of comparable developments in the market area;

7. A description of rent levels and vacancy rates of comparable properties;

8. An analysis of available operating expenses and turnover rates of

comparable properties in the market area;

9. The projected operating funds and expenses, when available;

10. The expected market absorption of the proposed rental housing, including a description of the effect on the market area;

11. An analysis of the potential effect upon the project from the business closure of a major area employer; and

12. A certification that the market analyst would not financially benefit if the project was successful in winning a reservation or award of Tax Credits.

The Division acknowledges that obtaining operating expenses and turnover rates on comparable properties may be difficult, therefore, their absence from the market study will not cause the market study to be rejected.

F. For acquisition and/or rehabilitation or conversions projects, a Capital Needs Assessment (CNA) must be provided by a competent, independent third party. The CNA must address whether the project will maintain its affordability for 30 years or more. Rehabilitation developments must establish that the rehabilitation will be substantial and will involve at least $5,000.00 per unit in direct hard costs (actual construction costs) and conform to the Division's Energy Efficiency Standards. If the CNA reflects a per-unit investment of less than $5,000.00 per unit, the project will not be considered for Tax Credits. All buildings must be placed in service within two years from the date of allocation of the Tax Credits, or the Tax Credits will be returned to the Division. In an effort to minimize displacement of existing tenants, the developer may choose to income-qualify all tenants for Tax Credits eligibility immediately upon acquisition of the buildings in the project. Acquisition Rehab projects are required to provide detailed ownership of buyer and seller.

The project owner must provide (1) proof of site ownership, supported by a copy of the grant deed or title insurance policy; or (2) a valid and binding purchase contract or option to purchase, identifying the seller and buyer, the amount to be paid, the expiration date of the contract or option, and a statement from the seller and buyer identifying any prior interest in the land or business dealings between seller and buyer; or (3) the resolution passed by the governmental body that owns the land, agreeing to transfer the land to the project owner under provisions of NRS 244.287.

G. Execution of an agreement to promote the Division's participation in the project during the construction phase. (See Exhibit 4 of the application).

H. The Division is currently waiting for the finalization of an Energy Efficiency proposal that will be used for future New Construction and Rehab Projects. The proposal should be in place by the time of the public hearings. The proposal, when accepted by the Administrator, will replace the current standards listed below.

Required Energy Efficient Standards for all New Construction Projects:

1. All units will have appliances that are EnergyStar ® rated;

2. All units will have reversable ceiling fans;

3. All units will have programmable, dual setback thermostats with instructions;

4. All laundry facilities will have appliances that are EnergyStar ® rated;

5. Ceiling insulation R-Values: not less than:
Northern Nevada, Lake Tahoe, Rural Nevada – R38
Southern Nevada – R30;

6. Wall insulation R-Values: not less than:
Northern Nevada, Rural Nevada – R19
Lake Tahoe – R21
Southern Nevada – R11;

7. All units will have heating systems that exceed 90% AFUE rating;

8. All units will have water-heating devices that are:

| | | |
|---|---|---|
| 30 gallons | gas .58 energy factor | electric .89 energy factor |
| 40 gallons | gas .56 energy factor | electric .88 energy factor |
| 50 gallons | gas .55 energy factor | electric .86 energy factor; |

9. All units will have dual-paned spectrally specific low-e windows;

10. Roofing will have minimum 40 composition roofs, standard concrete or tile, .30 sheet metal; and

11. All sun struck exposure windows will have solar screens in Southern Nevada.

12. SEER ratings for northern projects, 10; for southern projects, 12.

Projects in counties that are governed by the Model Energy Code and produce a project efficiency equal to, or more efficienct, than the requirements of the Plan are acceptable.

I. Required Project Amenities for Elderly Housing – New Construction/Rehab (40 or More Units):

1. Community areas minimum of 500 sq. ft. to combine 32-inch color TV, entertainment system, set of sofas or sofa/loveseat, two lounge chairs, end or coffee tables, carpeting and/or ceramic tile, and facilities to prepare and serve food that includes a counter area, refrigerator, microwave oven, sink, garbage disposal that is EnergyStar ® rated, resilient and/or ceramic tile floor;

2. Security system for each unit and/or project;

3. Washer and dryer hookup in each unit that are EnergyStar ® rated;

4. Fire detection and suppression sprinkler system in each unit;

5. Elevator (if more than one floor);

6. Hand rails and related hardware that assists tenants and is Fair Housing and ADA compliant; and

J. Required Project Amenities for Elderly Housing – (New Construction Less Than 40 Units and Single Story):

1. Security system for each unit and/or project;

2. Laundry facility on site – one washer and one dryer that are EnergyStar ® rated for every 10 units of housing;

3. Hand rails and related hardware that assists tenants and is Fair Housing and ADA compliant; and

4. Fire detection system in each unit.

K. Required Project Amenities for Family Projects – (New Construction 40 or More Units):

1. Community areas minimum of 500 sq. ft. to combine 32-inch color TV, entertainment system, set of sofas or sofa/loveseat, two lounge chairs, end or coffee tables, carpeting and/or ceramic tile, and facilities to prepare and serve food that includes a counter area, refrigerator, microwave oven, sink, garbage disposal that is EnergyStar ® rated, resilient and/or ceramic tile floor;

2. Security system for each unit and/or project;

3. Washer and dryer hookup in each unit;

4. Equipped playground to include a (Powerscape ® by Play Systems Mfg. or GameTime ® by Miracle or equivalent play set), a tot lot in a soft ball aggregate or equivalent site of at least 1000 sq. ft..

L. Required Project Amenities for Family Projects – (New Construction Less Than 40 Units):

1. Security system for each unit and/or project;

2. Laundry facility on site – one washer and one dryer that are EnergyStar ® rated for every 10 units of housing; and

3. Equipped playground to include a (Powerscape ® by Play Systems Mfg. or GameTime ® by Miracle or equivalent play set).

M. Required Project Amenities for Tenant Ownership Housing – (Single Family Homes Only, New Construction or Rehab):

1. Minimum of two-bedroom units and 1200 sq. ft. of residential area, excluding garages, outdoor patios, etc. (or minimum allowed per local zoning);

2. Minimum of 5,000 sq. ft. lot or the minimum allowed per local zoning;

3. Washer and dryer hookup that are EnergyStar ® rated in each unit;

4. One car attached garage.

N. The Division is currently waiting for the finalization of an Energy Effiency proposal that will be used for future Rehab Projects. The proposal should be in place by the time of the public hearings. The proposal when accepted by the Administrator will replace the current standards.

Required Project Amenities for Acquisition/Rehab/Conversion/Change of Use – (40 or More Units):

1. Community areas minimum of 500 sq. ft. to combine 32-inch color TV, entertainment system, set of sofas or sofa/loveseat, two lounge chairs, end or coffee tables, carpeting and/or ceramic tile, and facilities to prepare and serve food that includes a counter area, refrigerator, microwave oven, sink, garbage disposal that is EnergyStar ® rated, resilient and/or ceramic tile floor;

2. Security system for each unit and/or project;

3. Laundry facility on site in a common area – one washer and one dryer that are EnergyStar ® rated for every 10 units of housing.

O. Project Amenities for All Other Housing – (New Construction 40 or More Units):

1. Community areas minimum of 500 sq. ft. to combine 32-inch color TV, entertainment system, set of sofas or sofa/loveseat, two lounge chairs, end or coffee tables, carpeting and/or ceramic tile, and facilities to prepare and serve food that includes a counter area, refrigerator, microwave oven, sink, garbage disposal that is EnergyStar ® rated , resilient and/or ceramic tile floor;

2. Security system for each unit and/or project; and

3. Laundry facility on site – one washer and one dryer that are EnergyStar ® rated for every 10 units of housing.

P. The Division is currently waiting for the finalization of an Energy Efficency proposal that will be used for future Rehab Projects. The proposal should be in place by the time of the public hearings. The proposal when accepted by the Administrator will replace the current standards.

Required Project Amenities for All Other Housing – (New Construction and Rehab Less Than 40 Units):

1. Security system for each unit and/or project; and

2. Laundry facility on site – one washer and one dryer that are EnergyStar ® rated for every 10 units of housing.

Q. The project owner must demonstrate experience and proficiency in developing low-income housing. A low-income housing project is defined as a project with rents restricted by a recorded Declaration of Restrictive Covenants, for a specific number of years, and by limiting tenancy to families whose gross income does not exceed 60% AMI. An addendum to the application is required, providing a brief description of at least five projects developed/managed, including the name and location, date construction began, the date lease-up began, current occupancy levels, and permanent financing sources. A copy of the recorded Declaration of Restricted Covenants also is required. The project owner must identify the individual or employee for which experience is being claimed and their involvement in the project. Organizations with less than five projects will be considered if they have received an allocation of Tax Credits within the last three years; and if the project(s) is in good standing and/or in compliance.

See NAC 319.989 (16)

R. The project owner of special needs projects must demonstrate a minimum of three years of experience providing a service or assistance to persons with special needs. Organizational information specified in the application package must demonstrate the minimum of three years of experience and identify the service provided.

S. Projects must be closed and ready to proceed within 270 days from the date of the reservation letter. Projects not meeting this deadline must contact the Division in writing prior to the expiration of the 270 days to request a 45-day extension. The 45-day extension only will be granted in instances when acts of God occur (flood, fire, earthquake, storm, etc.) resulting in the delay. (See NAC 319.981). Projects that have not closed within the 270 days, or have been granted a 45-day extension and have not closed within the 45-day extension period, will have their reservation of Tax Credits terminated. Each project owner must sign the Division's Agreement to Commence Construction within 270 days in order to receive a reservation of Tax Credits. Failure to comply with the Agreement will result in the forfeiture of the awarded Tax Credits.

T. The architect must certify that the project's architectural plans/drawings meet all federal guidelines and The Federal Fair Housing Act regarding design standards for handicapped accessibility. This includes the standards specified within the Americans with Disabilities Act (ADA) and Section 504 where applicable.

* The Division is considering additional specific fair housing and ADA standards and/or the IBC International Building Code.

## Section 6 Non-Profit Set Aside

There will be a non-profit set-aside in the amount of 10% of the state ceiling or approximately $390,000. A reservation or allocation of Tax Credits from this set-aside will be limited to non-profit organizations acting alone or in partnership with a for-profit developer if the non-profit partner has received a determination letter from the Internal Revenue Service indicating that the organization is qualified pursuant to IRC § 501 (c)

(3) or 501 (c) (4) and the application package contains an executed Exhibit Seven. The non-profit organization must certify in writing, to the Division, that it meets the requirements of NAC 319.988. The project owner must also certify that no change has occurred in the organization since the issuance of the determination letter from the Internal Revenue Service that would affect the validity of the determination letter. If the project is awarded Tax Credits from the non-profit set-aside, any new project owner during the compliance period must qualify for an allocation of Tax Credits from the non-profit set-aside under the provisions of this QAP.

**Section 7 USDA-RD Set Aside**

There will be a United States Department of Agriculture Rural Development (USDA-RD) set aside in the amount of 5% of the State's ceiling, or approximately $195,000.00. At the time of application, the project owner must supply the local USDA-RD office with a letter authorizing that office to release to the Division a copy of the project owner's application for USDA-RD funding. A copy of the letter must be submitted with the Tax Credits application.

A reservation or allocation of Tax Credits from this set-aside will be limited to those projects that are receiving direct funding from USDA. Projects receiving support in the way of loan guarantee or other similar support will not be considered for a reservation or allocation from this set-aside. Acquisition/Rehab projects must be in accordance with USDA regulations and must substantially rehabilitate or change the project to accommodate the housing needs in which the project is located. New construction will be a funding priority and rehab a consideration. Rehab projects will require a letter from USDA as to why the rehab is warranted.

USDA-RD Tax Credits applications will be processed within the normal Tax Credits reservation cycle. If the United States Department of Agriculture is unable to issue a certification stating the availability of federal funding by the date the Division receives notice that National Pool Tax Credits are available, said reservations will be canceled and the USDA-RD set aside will be returned to the general pool for distribution.

See NAC 319.972

**Section 8 Geographic Apportionment**

The geographic apportionment is based on Nevada's population estimate as provided by the Nevada State Demographer's Office. The estimate is used to establish the geographic apportionment percentages only and may not be relied on in establishing the amount of per capita Tax Credits available in this plan year.

See NAC 319.972 (4)

**Section 9 Project Categories**

The 2003 QAP will be limited to the six project categories listed below (A through F). Only **one** project category can be selected for each application.

A. Projects for Individuals/Families with Children – (New Construction):

1. To be considered for this category, at least 75% of the units in the project must consist of two or more bedroom units, and four bedroom units must be limited to 25% of the total development. The units must be made available to individuals/families with children. Minimum unit sizes are as follows: one bedroom – 680 sq. ft.; two bedrooms – 780 sq. ft; three bedrooms – 900 sq. ft; and four bedrooms – 1020 sq. ft. - no studio apartments.

B. Senior Housing Age 55 Years and Older – (New Construction)*:

1. To be considered for this category, all of the units in the project will be targeted for seniors. Pursuant to The Federal Fair Housing Act, at least 80% of the units must have one household member who is 55 years of age or older to be considered senior housing. Conversely, no more than 20% of the units may be rented to households other than those age 55 years or older (62 years and older for USDA/RD projects); and

2. At least 20% of the total units in the project must be two-bedroom units (with the exception of USDA/RD funded projects).

***Amenity points listed under Section 12 C of the 2003 QAP cannot be claimed in this category.**

C. Special Needs Housing – (New Construction):

To be considered for this category, at least 30% of the units must serve the special needs identified as:

1. Persons with mental illness or retardation;

2. HIV/AIDS patients;

3. Persons with developmental and/or physical disabilities;

4. Persons with drug and/or alcohol addictions;

5. Transitional housing as defined in IRC Section 42 (i)(3)(B)(iii);

6. Permanent supportive housing for the homeless;

7. Frail Elderly/Assisted Housing;

8. Alzheimer's/Dementia;

9. Victims of Domestic Voilence.

Units set aside for persons with physical disabilities must meet the specifications as defined by the American Standards Institute, Inc. Standard 117.1 of 1986.

The care to the special needs tenants in 1-5 above must be provided for either a minimum of the full 30-year affordability term required by the 2003 QAP or beyond if the project owner elects to extend persuant to Section 5 (A) of the 2003 QAP). The above list of "Populations with Special Needs" (1-5) is not intended to be "all inclusive" and the Division reserves the right to award preference points to other Special Needs populations upon request of the project owner and review of the Division. The approval must be received prior to and submitted with the application.

*For Section 9 C (6) above – All of the units in the project will be targeted for frail seniors, and/or for assisted housing and/or for seniors with Alzheimer's disease. The care must be provided for the initial 15-year, IRS mandated period of affordability. The Division intends to extend the provision of service for at least an additional 15 years. However, the continued provision of care will be assessed by the Division for viability and to determine if the project can continue as both an affordable housing facility and a provider of care. If the continued provision of care is not feasible, the Division has the authority to cancel the extended use agreement or to no longer require the project to continue the delivery of services component to the elderly tenants.

The levels of care must be conducted on a 24-hour basis and broken down into the services provided, their respective costs and the funding to provide the care (foundation grants, etc.). Care to the low- and very low-income tenants must be separated from the rent and specified how it is to be provided to tenants whom cannot afford it. Costs, if any, must be optional to the tenant residing in the restricted units.

The subsidization of the services to the low-income tenants may be accomplished through developing a mixed-income project. The residual income derived from the market-rate units and the services provided may subsidize the needed services to the lower-income tenants. Again, as specified above, the funding, costs and services to the lower-income tenants must be specified and all additional cost to the lower-income tenants must be optional. Only 20/50 and 40/60 mixed-income projects will be considered. The project will not be eligible for any extended compliance points.

D. Transitional Housing Program for Nevada State Department of Corrections:

Transitional Housing to assist the Nevada State Department of Corrections to provide a positive transitional environment for paroled individuals.

E. Housing for Eventual Tenant Ownership – (New Construction)*:

To be considered for this category, all of the units in the project must be made available for eventual ownership and will be limited to detached, single family structures; and/or townhomes (which must have separate legal descriptions when made available for ownership). Scattered site projects will not be allowed. All single-family homes must be located in the same parcel or parcels if they are contiguous.

1. The project must meet the initial 15-year period of affordability and compliance with the LIHTC program; and therefore, will be exempt from any additional affordability requirements when **all** of the single-family structures in the project are sold to eligible families;

2. Upon the termination of the 15-year compliance period, the units in the project must be made available for purchase by the existing tenants by rights of first

refusal, or made available for sale by income-qualified families/individuals at the gross-income level of the project's elected minimum set-aside. The lots for each single-family home will be parceled out and will have separate, legal descriptions. Homes not yet sold must remain affordable, rental units pursuant to the terms and conditions of the original application; and the 15-year affordability period will be extended on all of the remaining, unsold units until the last single-family home in the project is purchased. The project will not be eligible for any extended compliance points;

3. The purchase price of the units must be set, taking into consideration the rent paid by the tenants, a portion of which must be set aside and accumulated to contribute as a down payment towards the purchase of the unit (di minimis payment). Tenants who terminate residency at the project must have this money returned to them; and

4. The mortgage must be a 15-year mortgage, the rates and terms being reflective of those offered in the open market at that time.

*** Amenities points listed under Sections 12 A, C, D and G of the 2003 QAP cannot be claimed in this category.**

F. Mixed Income Residential Projects – (New Construction):

To be considered for this category, a minimum of 10% of the units in the project must be unrestricted, market-rate dwelling units. Once established, the qualified basis (applicable fraction) for the project must be maintained for at least the 30-year compliance period. The applicable fraction will be the **lesser** of the percentage of Tax Credit units to the total units in the project, or the percentage of restricted square footage in the project to the total square footage in the project, excluding common areas.

G. Acquisition/Rehab/Conversion*/Change of Use**

Applications for Acquisition/Rehab may be intended for any tenant base specified in Section 9 A-D of the 2003 QAP. However, the project will be categorized and scored solely as an Acquisition/Rehab project. To be considered for this category, the following is required:

1. All units will be dedicated to affordable housing and all of the existing buildings, excepting out buildings (e.g., garages, storage sheds or workshops) are to be adapted for use as low-income rental dwelling units;

2. Projects applying for Tax Credits in this category must have a per-unit rehabilitation investment of at least $5,000.00 in actual construction costs (not eligible basis); and the amount must be specified in the CNA and statement from Page 7. The acquisition price that will be allowed in eligible basis will be the as-is-appraised value as of the date of acquisition. A copy of the appraisal must be submitted with the application;

3. The rehabilitation investment will be calculated by taking the actual hard construction cost of the project, divided by the number of residential units; and

4. The building(s) must be purchased by the project owner, and the building(s) must meet the 10-year test in order to qualify for acquisition/rehab Tax Credits. A certification by a tax attorney that the 10-year rule has been met. No sale will be allowed from one partnership to another partnership in which the same entity is one of the limited/general partners in both partnerships.

5. All Acquisition Rehab/Conversion/Change of Use must choose at a minimum (two exterior efficency standards and two interior efficency standards as outlined in Sec 5 of this QAP).

* Conversion Projects – structures converted from an unrelated use to housing (i.e. converting an old schoolhouse into affordable housing).

** Change of Use Projects – projects, which alter existing housing to meet other housing, needs (i.e. converting a transitional housing project into affordable housing for the elderly).

**Section 10 Preference Points Categories**

Each application may be eligible to receive preference points in the following sections of the 2003 QAP:

Scoring values will be changed after QAP is finalized.

A. Sections 11-16, for a maximum of 35 points.

B. Sections 18-23 (only the section pertaining to the project), for a maximum of 20 points.

C. Sections 25-29, for a maximum of 50 points.

**Section 11 Preference Points for Project Location (One Category Only)**

Each application may be eligible to receive a maximum of two preference points for project location as follows:

A. Projects that are located in a Qualified Census Tract, the development of which contributes to a concerted community revitalization plan.

B. Projects that are located in a non-CDBG eligible census tract.

C. Projects that are part of a Redevelopment Project Area as defined in Nevada Revised Statute 279.412.

D. Acquisition/Rehab in an area utilizing the rehabilitation of existing housing as part of a revitalization plan/strategy.

E. Nevada at Risk Properties as listed in the National Housing Trust Publication.

Projects claiming preference points under A-D above require certification from the local jurisdiction/government agency clearly stating that the project is located in such an area.

See NAC 319.989

**Maximum number of preference points available: 2**

**Section 12 Preference Points for Project Amenities**

Exercise or Recreational Amenities

A. Swimming or lap pool (excluding tenant ownership projects) – 3 points;

B. Kiddie pool that purifies and recyles water (family projects and tenant ownership projects only) – 2 points;

C. Equipped weight/exercise room – minimum 500 sq. ft. and three exercise machines (excluding tenant ownership projects); - 2 points;

D. Equipped picnic area – minimum of three charcoal barbecue units and three 6' picnic tables with benches on three separate concrete slabs no less than 200 sq. ft. evenly distributed throughout the project. For tenant ownership projects, one charcoal unit, a 6' picnic table with benches on 64 sq. ft. concrete slab (or in patio area, if present) for each unit – 1 point.

Individual Tennant and Unit Amenities

E. Covered parking for each unit – per local building code (excluding tenant ownership projects) – 2 points;

F. Exterior storage for each unit – minimum 24 sq. ft. floor area, wood-framed structure. For tenant ownership projects, an attached two-car garage – 1 point;

G. Patio or balcony for each unit – minimum of 48 sq. ft. For tenant ownership projects, a covered, wood-framed and roofed rear patio area of no less than 64 sq. ft. with concrete slab – 1 point;

H. EnergyStar ® washer and dryer provided and installed in every residential unit - 3 points;

I. Two ceiling fans for each unit – one in the living area and one in the master bedroom (See Section 5 H 2) – 3 points;

J. Air conditioner or swamp cooler for each unit* - 2 points.

* Swamp coolers or air conditioning for projects in Clark, Esmeralda, Lincoln, and the portion of Nye County that is south of Tonopah, Nevada, are ineligible.

Project Amenities

K. Exterior lighting for each unit must be compact fluorescent/dusk dawn fixtures and illuminated walking path – 2 points;

L. Elevator (excluding elderly projects/tenant ownership projects) over 40 units – 3 points;

M. Computer/study room with full Internet access – minimum of 250 sq. ft. with a minimum of one computer for every 20 units (1.8 GHzv Intel Pentium 4 Processor, 128 MB. DDR SDRAM, 20 GB Hard Drive, 15-in. Monitor, 32 MB Graphics, 48X Max CD ROM, Microsoft Windows). For tenant ownership projects, one computer as per the above with Internet access on a work station set up in the common area of home – 1 point.

**Maximum number of preference points available: 15**

**Section 13 Preference Points for Project Readiness**

Preference points in this category will be based on the following completed components of the project. All points claimed must be clearly documented, verifying their completion to the satisfaction of the Division:

1. Ownership of the land (1 pt.);

2. Proper zoning of the size; (can specify need for special use permit being required (1 pt);

3. Soil testing completed (1 pt.);

4. Completed Phase I environmental study (1 pt.); or

5. Partnership documents filed with the State of Nevada's Secretary of State (1 pt.).

**Maximum number of preference points available: 5**

**Section 14 Preference Points for Nevada Based Applicant**

Pursuant to NAC 319.989(14), ten preference points will be awarded to projects if the project owner is deemed to be based in Nevada. To be deemed as based in Nevada, a project owner that is a natural person must be a resident of Nevada. If a project owner is a business entity, the project owner must:

1. Be organized as a corporation, partnership, limited-liability company or other principal of the entity for the last 12 months pursuant to the laws of Nevada;

2. Maintain an office in Nevada from which a general partner, managing partner, principal officer of the applicant, including a president, or chief financial officer or chief operating officer, conducts regular business;

3. Maintain an office that is sufficiently identified and staffed to ensure that a member of the general public may visit the office to substantively discuss matters relating to the project with one of the persons identified in (2) above.

If a project is awarded preference points in this category, all correspondence, letters, facsimiles and telephone communications from the Division will be directed to the Nevada office.

**Maximum number of preference points available: 10**

**Section 15 Preference Points for Extending the Affordability Period**

Preference points will be given to projects extending the period of affordability beyond the required 30 years. Applications will receive one preference point for each additional 10-year period of affordability, not to exceed 50 years.

**Maximum number of preference points available: 2**

**Projects developed for eventual tenant ownership and for frail elderly, assisted housing and seniors with Alzheimer's disease will not be eligible for points in this category.**

**Section 16 Preference Points for Water Efficiency of Landscape Design** (will compete with all applications in the same geographic or specified set-aside).

Five preference points will be awarded to projects that are at least 75% desert/zero landscaped. This must be verified by the architect/landscape architect.

**Maximum number of preference points available 6**

**Section 17 Preference Points – Variable**

Variable preference points for Sections 18-23 below will be determined at the time of application review. The application will be ranked against those applications within the same project category as specified in Section 9 and within the specific set-aside or geographic apportionment. Preference points may be claimed for only **one** category in Sections 18-23. The application scoring the highest in the category will receive 10 points, the second highest scoring application will receive seven points, the third highest scoring application will receive five points, the fourth highest scoring application will receive three points, and the fifth highest scoring application will receive one point.

**Section 18 Preference Points for Projects for Individuals/Families with Children** (limited only to those applications and compared with those in the same geographic or specified set-aside).

Preference points will be rated and determined after the applications are received for that specific set-aside and will be scored based on the highest overall number of bedrooms contained within the entire project. For example, a 60-unit project with 20 2-bedroom units, 10 3-bedroom units and 15 4-bedroom units would have a total of 130 bedrooms in the project. If three applications for housing for individuals with children are received in a specific set-aside, the application with the highest overall number of bedrooms in the project would receive 10 points, the second highest scoring project would receive seven points and the third highest scoring project would receive five points.

**Section 19 Preference Points for Senior Projects Age 55 Years and Older** (limited only to those applications and compared with those in the same geographic or specified set-aside).

Preference points in this category will be rated and determined after the applications are received for that specific set-aside and will be scored based on the highest average unit size in the project per square feet. For example, a senior project of 50 units with 30 studio apartments, averaging 450 sq. ft., (13,500 sq. ft.) 10 one-bedroom apartments averaging 600 sq. ft. (6,000 sq. ft.), and 10 two-bedroom apartments averaging 750 sq. ft., (7,500 sq. ft.) has an average unit size of 540 sq. ft. (27,000 sq. ft. divided by 50 units) in the project. If six applications are received in this set-aside, the project with the highest average unit size per square foot will receive 10 points, the second highest scoring project will receive seven points, the third highest scoring project will receive five points, the fourth highest scoring project will receive three points, and the fifth highest scoring project will receive one point.

**Section 20 Preference Points for Special Needs Housing** (limited only to those applications and compared with those in the same geographic or specified set-aside).

The preference points in this category will be rated and determined after the applications are received for that specific set-aside and will be scored based on the experience of the project owner/general partner in developing the specified special needs housing and/or delivering the services relating to the special need. The experience must exceed the three-year minimum required by the Division and must be verified by a dated document, such as the articles of incorporation which verifies the number of years the organization has provided the service. A list of all of the housing units developed in chronological order commencing with the year the first project was placed in to service must also be submitted. Applications will be ranked based on the following: (1) the number of months of experience will be weighted by 70%; (2) the number of housing units developed will be weighted by 30%. In the example below, applicant one possesses 12 years of experience providing services to homeless individuals and has produced 250 units of transitional housing. Applicant two possesses seven years of experience providing services to developmentally disabled people and has produced 300 units of housing for the developmentally disabled. The scoring is as follows:

| Application 1 | Application 2 |
|---|---|
| 144 months x .70 = 100.8 | 84 months x .70 = 58.8 |
| 250 units x .30 = 75 | 300 units x .30 = 90 |
| Total = 175.8 | Total = 148.8 |

Application 1 would receive preference points priority because of its higher over-all score.

In this example, if six applications are received, the project with the highest score as calculated above will receive 20 points, the second highest score will receive seven points, the third highest score will receive five points, the fourth highest score will receive three points, and the fifth highest score will receive one point. (15 Points)

**Section 21 Special Housing Needs for the Nevada State Department of Corrections**

Transitional Housing to assist the Nevada State Department of Corrections to provide a positive transitional environment for paroled individuals. Successful sponsor will partner with the Nevada State Department of Corrections to provide either new construction and/or acquisition rehab for a single project as outlined in a proposal from the Nevada State Department of Corrections to the Division's Advisory Board. The Division will provide an outline of the proposal upon request. (25 Points)

**Section 22 Preference Points for Projects for Promoting Eventual Tenant Ownership** (limited only to those applications and compared with those in the same geographic or specified set-aside).

Preference points in this category will be rated and determined after the applications are received for that specific set-aside and will be scored based on the total overall residential square footage made available for eventual ownership. For example, a project of 20 single-family homes, each with an area of 1,200 sq. ft. would have a total of 24,000 sq. ft. of residential space. If five applications in a specific set-aside are received, the project offering the highest amount of overall residential square footage in the project will receive 10 points, the second highest scoring project will receive seven points, the third highest scoring project will receive five points, the fourth highest scoring project will receive three points, and the fifth highest scoring project will receive one point.

**Section 23 Preference Points for Acquisition/Rehab, Conversion or Change of Use Projects** (limited only to those applications and compared with those in the same geographic or specified set-aside).

Preference points in this category will be rated and determined after the applications are received for that specific set-aside and will be scored based on the highest per-unit rehabilitation investment (hard construction costs/number of units in the project). For example, if seven applications in a specific set-aside are received, the application with the highest per-unit rehabilitation investment will receive 10 points, the second highest scoring project will receive seven points, the third highest scoring project will receive five points, the fourth highest scoring project will receive three points, and the fifth highest scoring project will receive one point.

The minimum investment per unit is $5,000.00 and the amount for which the project is claiming preference points must be reflected in the Capital Needs Assessment. (See Section 9F).

**Section 24 Preference Points for Mixed-Income Projects** (limited only to those applications and compared with those in the same geographic or specified set-aside).

Preference points in this category will be rated and determined after the applications are received for that specific set-aside and will be scored based on the highest percentage of market-rate units in the project which exceeds the minimum requirement of 10%. The square footage and bedroom size of both market-rate and restricted units must be proportional. For example, a 60-unit project setting aside 30 units (50%) at market rate, or a total of 30,000 sq. ft. and 90 bedrooms, also must set-aside the same proportionate square footage and number of bedrooms in the restricted units. Targeting smaller units with fewer bedrooms as the Tax Credits units will not be allowed. Restricted units may be confined to specific building(s) in the project as long as the square footage and unit mix is proportional to the market-rate units. However, the buildings must be equally placed within the project and have full access to project amenities. If five applications are received, the project with the highest percentage of market-rate units will receive ten points, the project with the second highest percentage will receive seven points, the project with the third highest percentage will receive five points, the project with the fourth highest percentage will receive three points, and the project with the fifth highest percentage will receive 1 point.

**Maximum number of preference points available in Sections 18-23 10**

**Projects with no competing applications in the same geographic or specific set-aside in Sections 18-23 will receive 10 points.**

**Section 25 Additional Variable Preference Points**

All applications received within their primary set-aside or geographic apportionment will compete for preference points in Sections 25-29. As in Section 16, each category will carry a maximum of 10 points. The application scoring the highest in the category will receive 10 points, the second highest scoring application will receive seven points, the third highest scoring application will receive five points, the fourth highest scoring application will receive three points, and the fifth highest scoring application will receive one point.

**Section 26 Preference Points for Low Rent Targeting** (will compete with all applications in the same geographic or specified set-aside).

Preference points in this category will be rated and determined after the applications are received for all of the applications in that specific set-aside/geographic apportionment and will be scored based on the lowest overall rent targeting in the project for that particular set-aside. The scoring will be calculated by determining the percentage of the total units in the project set aside at the respective rent level(s) multiplied by the rent level in percentages. The lowest score determines the project with the lowest overall rent targeting.

For Example:

(Three application scenario)

| **Project One (40 units)** | **Project Two (40 units)** | **Project Three (52 units)** |
|---|---|---|
| All units with 40% rents | 15 units w/45% rents = .375 X.45 = .16875 | All units with 35% rents |
| 100% of .40 = .<u>4 score</u> | 25 units w/35% rents = .625 x .35 = .21875<br><u>.3875 score</u> | 100% of .35 = .<u>3500 score</u> |

Project Three receives 10 preference points because of the lowest overall rents/score. Project Two receives seven preference points and Project One receives five preference points.

Lower rent targeting only will apply to those units within the project that are rent restricted. In mixed income projects, if all of the restricted units are targeted for rents lower than the project's designated set-aside, the percentage of the restricted units can be set at 100 percent for determining preference points. Once the lower targeting level is made and the application is accepted, a request for changes to the mix of units or income levels targeted will be considered a request to make changes to the original Tax Credits application and will not be allowed. The maximum qualifying incomes under the Low Income Housing Tax Credits Program, 60% and 50% of median income respectively, will not be affected for determining tenant eligibility in lower rent targeted units.

**Maximum number of preference points available 10**

**Section 27 Preference Points for Low Income Targeting** (will compete with all applications in the same geographic or specified set-aside).

Preference points in this category will be rated and determined after the applications are received for all of the applications in that specific set-aside/geographic apportionment; and will be scored based on the lowest overall income targeting of the project for that particular set-aside. The scoring will be calculated persuant to Section 24. In mixed income projects, if all of the restricted units are lower income targeted, than the project's designated set-aside, the percentage of the restricted units can be set at 100 percent for determining preference points. The lowest score determines the project with the lowest overall income targeting. For example:

(Three application scenario)

| **Project One (40 units)** | **Project Two (40 units)** | **Project Three (52 units)** |
|---|---|---|
| All units for 40% of median | 15 units for 45% = .375 X .45 = .16875 | All units for 35% median |
| 100% of .40 = .4 score | 25 units for 35% = .625 x .35 = .21875<br>.3875 score | 100% of .35 = .3500 score |

Project Three receives 10 preference points because of the lowest overall income targeting/score. Project Two receives seven preference points and Project One receives five points. Unlike rent targeting, income targeting requires that the qualifying income and the rent for that unit cannot exceed the set limit. For example, an income-targeted unit for 30% of median income must have a qualifying tenant whose gross income cannot exceed 30% of median and the rent cannot exceed the 30% rent level.

**Maximum number of preference points available 10**

**Section 28 Preference Points for Lowest Developer Fee** (will compete with all applications in the same geographic or specified set-aside).

The developer fee must not exceed 15% of the projects eligible basis excluding the developer's fee for the project. The fee includes profit and overhead of the developer, in addition to fees for consultants/processing agents. The cost certification must reflect the developer fee disclosed within the original application and may not be changed for any reason.

Preference points will be awarded on a basis of 2 points for each 1% reduction in developer fee to a maximum of 10 points.

**Maximum number of preference points available 10**

**Section 29 Preference Points for Lowest Contractor Fee** (will compete with all applications in the same geographic or specified set-aside).

Contractor fees will be limited to a maximum of 14%. The fee will be determined by excluding contractor profit, overhead and general requirements from the actual costs of construction and calculating the percentage. The original contractor fee must be reflected at cost certification time and may not be changed. Construction costs will be limited to on-site work, the construction of new structures/accessory buildings and/or the rehabilitation of existing structures. General requirements will be limited to the cost of:

A. The temporary fencing of the site;

B. Access to public utilities during the construction of the project; and

C. Providing a supervisor or temporary office at the site - the costs of furnishings, other equipment, etc. will not be included.

See NAC 319.987

Preference points will be awarded on a basis of 2 points for each 1% reduction in contractor fee to a maximum of 10 points

**Maximum number of preference points available 10**

**Section 30 Preference Points for Supportive Services** (will compete with all applications in the same geographic or specified set-aside).

All supportive services must comply with all local, city, county, state and federal laws and regulations that include, but are not limited to, licensing, permits, certification and bonding and insurance requirements.

Preference Points in this category will be rated and determined after the applications are received based on primary geographic apportionment. Applications will be ranked based on those having the highest number of supportive services at the project. Evidence must be provided in the application that the project owner has a fully executed agreement (contingent upon receiving an allocation of Tax Credits) for the service being provided, and how it is to be compensated. The service must be available to all tenant families and will be available for a minimum of 15 hours per week. There will be no mandatory fees for any service. Any fee required will be at the discretion of the tenant. The project owner must provide the service for the full 30 years and must ensure that no gap in service occurs on-site or the project will be subject to a finding of non-compliance. The list of services is as follows:

A. Provision of childcare services on-site or linked to outside centers;

B. Providing health care services on-site or linked with a local health care provider;

C. Providing job-training programs on-site or linked with a local training center;

D. Providing one prepared meal on a daily basis available to all tenants; and

E. Computer literacy training made available to all tenants.

The Division reserves the right to award preference points to other supportive services upon request of the project owner and review of the Division. However, the overall total may not exceed six. The approval must be received prior to and submitted with the application. The issue of eligible basis relating to commercial and/or health care activities on-site must be addressed by a CPA to attest to the fact that the proposed activity will not have an adverse affect on the project's eligible basis.

Applications will be ranked based on those projects that will provide the most services for its tenant population as specified above. If three applications are received in a specific set-aside, the application with the most above services will receive 5 points, the project with the second highest number of services will receive seven points, and the project with the third highest number of services will receive five points.

**Maximum number of preference points available 5**

**Maximum number of preference points offered in Sections 25-29 50**

**Section 31 Tie Breakers**

In the event that one or more projects competing for Tax Credits in the same set-aside or geographical apportionment receives an identical number of preference points, the following criteria will be applied and compared on a project-by-project basis:

A. Lowest overall developer fee, as a percentage, based on total of residential square footage in the project, excluding common areas, (.40 points).

B. Lowest overall total of Tax Credits required per square foot of residential space for the project, excluding common areas, (.34 points).

C. Lowest overall contractor fee, as a percentage, based on total residential square footage in the project, excluding common areas, (.26 points).

If the above fails to break the tie, a lottery will be conducted by the Division pursuant to NAC 319.990.

**Section 32 Maximum 2003 Per Unit Development Cost**

In allocating Tax Credits to a project, the Division will consider the number and size of units (based on the number of bedrooms) to the project's eligible basis. The Division will not allocate Tax Credits for eligible basis costs that are in excess of the per-unit amounts listed below. If a project's per unit eligible basis exceeds the amounts listed below, it will not automatically cause the application to be rejected. However, the project owner must provide documentation to the division that the project is financially feasible. The following figures are HUD Section 221(d)(3)-NP per unit limits. The effective date shown is for January 1, 2001. Figures for 2003 will be listed when provided by HUD.

| **Area** | Base Limits | So. Lake Tahoe | Las Vegas (Clark Co.) | Carson City Reno/Sparks | Lincoln Co. | Nye Co. | All other Areas |
|---|---|---|---|---|---|---|---|
| **High Cost Factor** | | **194** | **187** | **182** | **169** | **159** | **172** |
| | | | **Non Elevator** | | | | |
| 0 bdrm | $33,638 | $65,257 | $62,903 | $61,221 | $56,848 | $53,484 | $57,857 |
| 1 bdrm | $38,785 | $75,242 | $72,527 | $70,588 | $65,546 | $61,668 | $66,710 |
| 2 bdrm | $46,775 | $90,743 | $87,469 | $85,130 | $79,049 | $74,372 | $80,453 |
| 3 bdrm | $59,872 | $116,151 | $111,960 | $108,967 | $101,183 | $95,196 | $102,979 |
| 4 bdrm | $66,700 | $129,398 | $124,729 | $121,394 | $112,723 | $106,053 | $114,724 |
| | | | **Elevator** | | | | |
| 0 bdrm | $35,400 | $68,676 | $66,198 | $64,428 | $59,826 | $56,286 | $60,888 |
| 1 bdrm | $40,579 | $78,723 | $75,882 | $73,853 | $68,578 | $64,520 | $69,795 |
| 2 bdrm | $49,344 | $95,727 | $92,273 | $89,806 | $83,391 | $78,456 | $84,871 |
| 3 bdrm | $63,834 | $123,837 | $119,369 | $116,177 | $107,879 | $101,496 | $109,794 |
| 4 bdrm | $70,070 | $135,935 | $131,030 | $127,527 | $118,418 | $111,411 | $120,520 |

***Note: In the event that the issued HUD Section 221(d)(3) per unit cost limits for 2003 are lower than the previous year's established limit for any jurisdiction, the per unit costs listed for 2003 may be increased by 10 percent. This increase will be at the discretion of Division staff if requested by the project sponsor and evidenced by supporting documentation.***

**Section 33 Operating Expenses**

The Division will consider that per-unit-per-month operating expenses, within a range of $180.00 to $250.00 as acceptable. Projects that have operating expenses outside this range will be accepted, but must include an explanation with the application. The Division reserves the right to adjust Tax Credits on projects with operating expenses greater than the $180.00 to $250.00 range.

See NAC 319.987 (NAC 319.987(3)(e) does not apply to this play year).

**Section 34 Estimation of Utility Allowances**

At the time of application, the project owner must estimate the amount of utility allowance applicable to each unit, considering the square footage of the unit and the proposed source of energy in accordance with Treasury Regulation § 1.42-10. The project owner assumes the risk that these estimates will be reasonable and supportable. At the time the project is placed in service, the project owner must provide evidence that the utility allowance used conforms to the requirements of the Code and Treasury Regulation. Failure to do so will result in forfeiture of the Tax Credits. For purposes of applying for Tax Credits, the project owner may provide a survey of actual utilities being paid in the area. The survey must: (1) have been conducted within 12 months of the application; (2) sampled units must be located within a radius of 50 miles from the proposed project location; (3) sampled units must be similar in size, within 10%, based on unit square footage, to those in the project; (4) include a sample size of at least 10 units; (5) the energy source must be the same as proposed for the project; and (6) include the address and square footage of each unit surveyed.

Original applications must be complete and must materially match other applications for funding that relate to the project (i.e. other applications for NHD funding, HOME for example). Final applications must be completed on a final application form prescribed by the Division.

All material information must be comparable as it relates to other funding and to the final cost that the IRS form(s) 8609 are issued from.

**Section 35 Adjustments to Eligible Basis for Projects Located in Qualified Census Tract and Difficult to Develop Areas**

Applicants who build projects located in a qualified census tract or in a difficult to develop area will be authorized to utilize 130% of eligible basis as a factor in determining the adjusted eligible basis.

A. Qualified Census Tracts are identified in NAC 319.991(4).

B. For plan year 2003, *Douglas County, Nevada* has been designated a "Difficult to Develop Area" by the United States Department of Housing and Urban Development (HUD). Also, newly identified Qualified Census Tracts are *Washoe County Census Tract 33.01 and Humboldt County Census Tract 96.01*. Any additional change(s) in the designation will be issued by HUD in the Federal Register at a later date and be made a part of the 2003 QAP.

See NAC 319.991

**Section 36 Maximum Amount of Tax Credits Awarded**

Notwithstanding any other provision in this QAP or the regulations to the contrary, Tax Credits will not be awarded to a project, and the application will be rejected, if the amount of Tax Credits requested exceeds $750,000.00. The Division will accept applications that request Tax Credits for more than one sub-account, as long as the total amount of Tax Credits requested does not exceed the maximum limit. The Division reserves the right to award more than $750,000.00 of Tax Credits to projects financed by the Tax Exempt Bond Program, if the project complies with all of the Division's policies, procedures and all State and federal regulations and laws.

See NAC 319.992

The Division reserves the right to reject multiple applications if they are determined to be for one project that has been split in order to circumvent this maximum. In evaluating whether multiple applications are for one project, the Division may consider such factors, including but not limited to:

A. Whether the buildings and improvements are being built on contiguous or adjacent parcels of land or in the same assessor's parcel;

B. Whether the same natural person has any ownership or management interest in, or exercises direct control over, each of the owner organizations (bona fide lenders and persons involved on projects solely for the purpose of purchasing the Tax Credits will not be considered unless they exercise management and/or control over the organization);

C. The similarity of the project characteristics (e.g. similar designs, purposes, target tenant characteristics, names, etc.);

D. The existence of overlapping or shared project management, offices, amenities, parking lots or common areas;

E. Projects that are phased in from one Tax Credits plan year to another will not be considered as one project for the purposes of this maximum. For example, if a project owner receives Tax Credits on a project this year and next year qualifies and is appropriately ranked for an expansion or new phase of the existing project, the project owner may receive the maximum Tax Credits for the new phase; and

F. If an application has been ranked to receive Tax Credits from a particular set-aside and the amount of Tax Credits requested or required exceeds the balance available in that set-aside, and if the application is first ranked in another set-aside or apportionment account, then Tax Credits may be awarded from the respective set-aside accounts accordingly. For example, if an application is next ranked to receive Tax Credits from the non-profit set aside but the amount requested or required exceeds the balance available in the non-profit set-aside, and if the application also is firs ranked to receive Tax Credits from its geographic sub-account, the application will be awarded the Tax Credits remaining in the set-aside and will be awarded Tax Credits out of the geographical sub-account. However, the amounts, when combined, may not exceed that maximum that has been established for this plan year.

G. If projects in different set-asides are competing for remaining Tax Credits, priority will be given to that project receiving the highest overall point total (regardless of set-aside), and remaining applications will be ranked in descending order based on preference points received. If there are insufficient credits to fund the highest ranking application, the highest ranking application requesting an amount of Tax Credits equal to those remaining will be awarded those Tax Credits.

H. If a sponsor is awarded Tax Credits, the Tax Credits Award can only be returned voluntarily by the sponsor before the carryover allocation is due. If a project receives a carryover allocation and determines for whatever reason the Credits would be best returned to the pool, the return will not be considered voluntary.

If Tax Credits have been awarded for a project, and the project has proceeded, in accordance with the Division's regulations and the QAP, the project is not entitled to submit a new application for an increase (or decrease) in Tax Credits in a subsequent year.

See NAC 319.972

**Section 37 Final Allocation of Tax Credits**

Once all of the buildings in the project are placed in service, the final allocation application must be completed by the project owner, with a CPA certification of all costs. A final gap calculation will be required to compare with the eligible basis calculation to determine the final amount of credits allocated to the project. In addition, the sponsor/project owner must certify that all permanent financing is in place in order to receive a final allocation and IRS form(s) 8609.

**Section 38 Tax Credit Monitoring**

As of January 1, 2001, all compliance monitoring will require habitability standard inspection as per Treasury (IRS) Regulation 1.42.5

**Section 39 Fees**

All fees paid to the Division are non-refundable.

A. Application Fee

The application fee is $1,250.00 (Budget consideration figure for these amounts has not been determined yet.)

B. Re-submission Fee

If the application has been withdrawn or rejected during the previous allocation round, or if the project owner desires to make any material changes to the application, a fee of $1,000.00 will be required. Re-submitted applications will not be accepted after the application closing date of any Tax Credits round.

C. Reservation Fee

A reservation fee equal to 6.8% of the Tax Credits reservation amount is payable at the time the Division reserves the Tax Credits for the project. Non-profits that are not joint-venturing or in partnership with a for-profit project owner will have the option of (1) paying 1.8% of the credit amount at the time of reservation and the balance of 5% on or before six months from the date of reservation, or (2) the total reservation fee of 6.8% at the time the Division reserves Tax Credits for the project. The reservation fee is due upon receipt of the reservation letter. (Budget consideration figure for these amounts has not been determined yet.)

See NAC 319.978(2)

D. Carryover Fee

An administrative fee of $400.00 will be charged for each carryover letter issued by the Division. The project owner's federal tax identification number must be supplied at the time the carryover commitment is requested.

E. Compliance Monitoring Fee

A fee of $150.00 plus $20.00 for each low-income unit will be charged for each year of the compliance period. Annual fees for each project are immediately due when the project is placed in service and by January 31 of each year thereafter throughout the extended use period, 30 or more years. The Division reserves the right to adjust monitoring fees as necessary on a project-by-project basis to cover the cost and expense of monitoring compliance.

F. Compliance Training Fee

A fee of $25.00 per person will now be required to attend the Division's annual Tax Credit Compliance Training. The one-day training session, usually conducted in April/May of each year, is held in Las Vegas and Carson City/Reno. Attendance is mandatory for all on-site property managers. Notice of the training sessions will be announced every year once a date and site are determined.

G. Compliance Monitoring Re Audit Fee

If a property receives an audit in which the property is substantially out of compliance (less than 75% of the property is in compliance and or there are issues regarding the minimum set aside and the property requires a re audit) there will be an additional audit fee equal to the per unit monitoring fee for each unit/file that requires a re audit.

H. Legal Fees

If the sponsor and/or developer of the project requests a change and or decision which requires legal advice beyond the normal guidance provided by the Division Counsel, the sponsor and/or developer will be billed for the contract legal service at a rate of $475.00 per hour.

**Section 40 Disbarred List**

The Administrator will have the option to reject application for Tax Credits due to the following: Inclusion on the HUD Disbarred List, Default or Failure to Complete Construction on a Tax Exempt Bond Issue, Default and/or Failure to comply with a HOME and/or LIHTF obligation of the Division, and/or Failure to comply with a QAP on a Tax Credit Project.

If a project developer has failed to successfully complete or has defaulted under the Division's Tax Exempt Bond Program, the developer is prohibited from submitting an application for Tax Credits,

## Section 41 Lease-up Requirement

Effective January 1, 2002, all project owners will be required to contact the Division once the first building in the project is issued a Certificate of Occupancy and prior to any lease-up. The Division will provide an orientation to the project owners and on-site property managers regarding the long-term compliance of the property to Section 42 of the IRS Code. The Division will review the State's Tax Credit Compliance Manual with project management and discuss the Division's compliance requirements and project management responsibilities. This orientation is mandatory. Failure to contact the Division as specified above will result in a delay of the Division's issuance of IRS form(s) 8609.

## Section 42 Waiver of Annual Income Re-certification

Project owners of projects that are 100% Low-Income Tax Credits eligible may request the waiver of annual income re-certification under provisions of IRS Revenue Procedure 94-64, a copy of which may be obtained from the Division.

Prior to the Division's issuance of a statement that the project is in compliance with the Internal Revenue Code, the project owner must provide the Division with a third-party certification that the project is eligible to receive such a waiver. The certification must:

A. Be conducted by a consulting firm that is nationally recognized as being proficient in the field of monitoring compliance under the provisions of IRC § 42;

B. Certify to the Division that as of the date of the audit, the project was 100% in compliance with all of the provisions of IRC § 42, including, but not limited to, health, safety, and fair housing issues; and

C. Recommend that the project and project owner be granted a waiver of annual income re-certification as provided under IRS Revenue Procedure 94-64.

At the request of the project owner, the Division will supply a list of consulting firms that are recognized as professionals in the area of IRC § 42 compliance. The project owner is responsible for contracting with the consulting firm of its choice. All fees and expenses are the sole responsibility of project owner. The Division will not recommend any consulting firm. The Division reserves the right to reject an audit or to contact the audit firm directly for clarification of its findings or to discuss methodology. The audit and findings must be filed with the Division within 30 days of the completion of the report.

## Section 43 (To Be Used For The Tax Exempt Bond Program)

## Section 44 Approval and Distribution of QAP

In accordance with the Regulations, hearings are scheduled on this annual plan on:

A. August 22, 2002 in Las Vegas, Nevada Commencing at 9:00 a.m.

B. August 28, 2002 in Reno, Nevada Commencing at 9:00 a.m.

C. August 29, 2002 in Elko, Nevada Commencing at 9:00 a.m.

Following these hearings, the second draft of this QAP will be produced and will be distributed.

The Division will hold the final public hearing on Nevada's 2003 QAP in Las Vegas, Nevada. Date and time to be determined.

Las Vegas
The Bradley Building
2501 E. Sahara Avenue
Las Vegas, Nevada
Telephone (702) 486-2935

Elko
Great Basin College
1500 College Parkway
Elko, Nevada
Berg Hall Conference Room
Telephone (775) 738-8493

Community Development Building
450 Sinclair Street
Reno, Nevada
Telephone (775) 334-257

The Division has made notification of this draft of Nevada's 2003 QAP in accordance with the requirements of NAC 319.971.

**Section 45 Housing Division Offices**

Nevada Housing Division
1771 East Flamingo Road, Suite 206B
Las Vegas, Nevada 89119

Telephone (702) 486-7220
Facsimile (702) 486-7226

Contact Person:
Mark Licea
Loan Administration Officer
Extension 226

Nevada Housing Division
1802 North Carson Street, Suite 154
Carson City, Nevada 89701-1229

Telephone (775) 687-4258
Facsimile (775) 687-4040

Contact Person:
Art Thurner
Loan Administration Officer
Extension 224

## Section 46 Sample Scoring Sheet

(Based on six applications received for Senior Housing the Clark County Set-aside)

Project Type – Check only one category

| | | |
|---|---|---|
| Individuals families w/ children | | |
| Senior Housing | X | |
| Special Needs | | |
| Eventual Tenant Ownership | | |
| Mixed Income Residential | | |
| Acquisition/Rehab/Conversion/Change of Use | | |

Fixed Preference Points*

| | | |
|---|---|---|
| Project location | 2 | |
| Project Amenities | 15 | |
| Project Readiness | 5 | |
| Nevada Based Applicant | 5 | |
| Extended Compliance | 2 | |
| Landscape Water Efficiency | 6 | |
| Total | 35 | (maximum of 40) |

Variable Preference Points

| | | |
|---|---|---|
| Individuals/Families with Children | | |
| Senior Housing | 7 | |
| Special Needs | | |
| Eventual Tenant Ownership | | |
| Mixed Income Residential | | |
| Acquisition/Rehab/Conversion/Change of Use | | |
| Total | 7 | (maximum of 10) |
| Low Rent Targeting | 10 | |
| Lower Income Targeting | 5 | |
| Lower Developer Fee | 10 | |
| Lower Contractor Fee | 10 | |
| Supportive Services | 3 | |
| Total | 38 | (maximum of 50) |
| **Total Project Preference Points** | **80** | |

**Total Maximum of 100**

## Attachment A

This attachment, is to be read in conjunction with Section 3 of the 2003 QAP, provides an overview of the critical housing needs identified within the Consolidated Plans produced by the State as well as various local governments.

### Clark County
### (includes the county, LV, NLV, BC, Mesquite)

Housing Plan Section primary target uses of Low Income Housing Tax Credits (LIHTC)

Clark County

1. Support construction of Affordable Housing for renters with income levels at 60% or less of AMI.

2. Promote construction and rehabilitation of SRO by non-profits.

3. Promote construction and rehabilitation of Permanent Housing for people at 40% or less of AMI especially seniors and disabled LIHTC.

4. Encourage housing for persons with physical disabilities and Elderly.

5. Encourage housing for persons with developmental disabilities and HIV/ AIDS.

Las Vegas

1. Construct Affordable Rental Housing.

North Las Vegas

1. Support construction of Senior Affordable Housing for renters at 60% of AMI or less. Special Needs Elderly & physical disabilities LIHTC

2. Encourage housing for persons with physical disabilities and frail elderly.

## Washoe County
## (includes the county, Reno, Sparks)

Summary of Washoe County Housing and Community Needs

1. Use 70 % of available housing assistance to affordable rental housing (years 1,2 and 3).

2. Encourage the State to change LIHTC allocation policies to facilitate development of mixed income projects.

3. Encourage regional efforts to prioritize projects for LIHTC allocation.

4. Work with developers for affordable and market rate projects.

5. Encourage affordable housing for under represented groups in last five years.

6. Encourage services for affordable housing residents.

## State Plan
## (overview of state plan)

The State Plan considers LIHTC as a funding source for the following housing needs.

1. Develop housing for Low Income Families and Elderly with incomes at 60% or less of the AMI with a Goal of 100 units per year. New Construction (Western Nevada has greatest need).

2. Special Needs (HIV/AIDS, SMI, Drug and Alcohol Abuse).

3. Housing for Elderly, New Construction. Elderly with incomes at 60% or less of the AMI.