THE STATE OF NEVADA
2001 QUALIFIED ALLOCATION PLAN
for
LOW-INCOME HOUSING TAX CREDITS
Final 10/6/00

2001 ANNUAL ALLOCATION PLAN
for
LOW-INCOME HOUSING TAX CREDITS

Section 1 General

Nevada's 2001 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 2001 that begins on January 1, 2001, and terminates on December 31, 2001. 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.state.nv.us/b&i/hd/

Section 2 Key Deadlines and Dates

A. Training Dates/Reservations for Sessions

The training date in Carson City will be on November 1, 2000 at 9:00 am at the Division's Office located on 1802 No. Carson Street, Carson City, NV. Persons desiring to attend should notify the Division by October 21, 2000, so that space and materials may be assured.

The training date in Las Vegas will be on November 2, 2000 at 9:00 am in the second floor conference room at 2501 E. Sahara Avenue. Persons desiring to attend should notify the Division by October 21, 2000, so that space and materials may be assured.

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 October 28, 2000, 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., March 2, 2001** unless otherwise notified by the Division. The completed application package must be submitted to the Division's office in Las Vegas with a copy of the application form (only) submitted to the Division's office in Carson City. Applicants are encouraged to send in applications more than ten days before the deadline to take advantage of a pre-deadline review period.

D. Carryover Deadline

Certification of eligible basis and request for carryover commitments are due 270 days from the date of the reservation letter or a date specified in the reservation letter, or 5:00 p.m., November 9, 2001, whichever occurs first. In addition, the project owner must supply the Division with a Federal Tax Identification Number to receive a carryover commitment.

E. Market Area Saturation

Excepting communities located within Washoe County and Clark County, Nevada, projects located in communities with populations estimated at less than 25,000 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 demographers estimate of record as of the date of application.

F. Request for Additional Tax Credits

Projects requesting an additional allocation of Tax Credits to assist in covering increases in construction costs will not be required to compete for those Tax Credits. Requests for additional Tax Credits will be limited to all allowable costs in eligible basis excepting developer fees.

1. The maximum amount of additional Tax Credits will be limited to a 5% increase over the original amount of Tax Credits allocated for the 9% credit and a 10% increase for the 4% credit.

2. An application for additional Tax Credits must meet the same threshold requirements of the plan year that the project received its original tax credit allocation. Applications for additional Tax Credits will be ranked in descending order. The applicant requesting the largest amount of Tax Credits will be ranked number one.

3. All requests must be supported by a letter of explanation submitted with the application. The application submitted may be limited to those sections that are modified from the original 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 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 included 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:

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.

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 and Internal Revenue Code § 42(m)(C)(i through vii).

APPORTIONMENT OF TAX CREDITS

Section 4 Apportionment Accounts and Initial Balances

The Per Capita Tax Credit (PCTC) amount has not been established. It is the responsibility of the project owner to contact the Division prior to the submission of 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 2, 2001, the application deadline will be extended 10 days from the date that the PCTC is published in the Federal Register. This information also will be available on the Division's web site @ www.state.nv.us/b&i/hd.

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

THE STATE CEILING IS:

Carryover and other credits
Total Available for 2001 allocation
NON-PROFIT SET ASIDE(S)
Minimum required 10%

Total nonprofit set-aside(s)
USDA-RD SET-ASIDE
10% of the State's ceiling
TOTAL SET-ASIDES

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

Clark County		67%	
Washoe County	$300,000.00 or	17%	Whichever is greater
Other Counties*	$250,000.00 or	16%	Whichever is greater
TOTAL GEOGRAPHIC APPORTIONMENT			
See NAC 319.972			

*At present, the potential exists that the Division may be required to award year 2001 Tax Credits to a project that had its 1998 Tax Credits terminated in 1999. The amount of Tax Credits in question is $287,971.00 and would be allocated from the Other County Geographical Apportionment. Applications made for projects in this geographic area, therefore, are at the risk of the project sponsor as there can be no guarantee of an allocation of credits to the highest scoring application. All application fees made to the Division for the purpose of applying for tax credits, therefore, will not be refunded if the tax credits in this geographic area are not made available for the 2001 allocation.

SELECTION CRITERIA

Section 5 Minimum "Threshold" Requirements

A. Execution of a letter agreeing to a minimum thirty (30) year compliance period unless the project owner has executed an agreement to extend the compliance period (exhibit 6 of the application).

B. Rent must be restricted to the following election:

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.

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, $150.00 per unit.

2. For all other projects, $200.00 per unit.

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

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 include:

1. Statement of the competence of the market analyst,

2. A description of the proposed site,

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

4. Geographic definition and analysis of the market area,

5. 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. Projected operating funds and expenses, when available,

10. 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 conversion projects, a Capital Needs Assessment (CNA) must be provided by a competent independent third party. The CNA must address whether the project could maintain its affordability for thirty years or more. Rehabilitation developments must establish that the rehabilitation will be substantial and will involve at least $5,000 per unit in direct hard costs. If the CNA reflects a per-unit investment of less than $5,000 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 acquisition of the property, 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 no earlier than one year prior to the building being placed in service.

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 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.

Section 6 Non-Profit Set Aside

Reservation or allocation of Tax Credits from this set-aside will be set at 10% 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 also must 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 10% of the State's ceiling. 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.

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. This 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)

PREFERENCE POINT CATEGORIES

Section 9 Preference Points Based on Project Location

A. 10 preference points will be awarded to projects that are located in a Qualified Census Tract.

B. 10 preference points will be awarded to projects that are located in a non-CDBG eligible census tract.

C. 10 preference points will be awarded to projects that are part of a Redevelopment Project as defined in Nevada Revised Statute 279.412.

D. 10 preference points will be awarded to projects located in a Designated Empowerment Zone/Enterprise Community.

E. 10 preference points will be awarded to projects located in an area that has been identified by an Economic Development Initiative (accessed a HUD funded EDI grant / Section 108 loan)

Projects claiming preference points under letters B through E above will require certification from the local government agency that the project is located in such an area.

See NAC 319.989

Maximum number of points available: 10

Section 10 Preference Points for the Set-Aside Election

A. 20 preference points will be awarded to projects that elect the requirements of IRC §42(g)(I)(A) (the 20@50 election). A minimum of 20% of the residential units must be restricted to maximum income and rents of 50% AMI. In 100% Tax Credits projects, all units must be rent and income restricted to 50% of AMI or lower.

Maximum number of points available: 20

Section 11 Preference Points for Lower Rent Targeting

A. Preference points will be awarded to projects that agree to lower target rent levels based on the following scale. Lower rent targeting only will apply to those units within the project that are rent restricted. For example, if a project has a total of 50 units and 25 are rent restricted, the project owner may receive 30 preference points by restricting the rents on those 25 units at 45% AMI. Once the lower targeting level elections are 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 Allowable AMI Rent Level	# of Units Restricted	% of Units Restricted	Weighted Value	Points Earned
55%			10	
50%			20	
45%			30	

Total preference points earned ____________

The preference points earned at each rent level must be rounded to the nearest whole number, at .50 and below, round down; at .51 and above, round up.

Maximum number of points available: 30

Section 12 Preference Points for Project Amenities and Energy Efficient Items (which exceed the established building code minimum):

A. Projects will receive 3 preference points for each of the following project amenities:

1. Swimming or lap pool;

2. Washer and dryer hooked-up/installed in each unit at no cost to the tenant;

3. Elevator;

4. Furnished community room – minimum 350 sq. ft. and located apart from office or lobby area. It will include a minimum of the following: 19" color TV on an entertainment center, 2 six-foot sofas, 2 lounge chairs, 2 end tables, coffee table, carpeting and/or ceramic tile;

5. Fully equipped weight/exercise room – minimum 350 sq. ft., with eight exercise machines, carpeting and/or ceramic tile;

6. Fully equipped community dining room – minimum 350 sq. ft., including counter space, 4-burner range/oven, 24 cu. ft. refrigerator, microwave oven, sink, garbage disposal, range hood, resilient and/or ceramic tile flooring;

7. Security system for each unit;

8. Emergency call button for each unit;

9. Computer/study room with internet access – minimum of 1 computer for every 20 units (32mb hard drive, 13" color monitor, keyboard) and full internet access;

10. Dual paned thermal windows throughout the project (indicate type, rating, etc.)

11. Fire suppression sprinkler system in each unit.

B. Projects will receive 2 preference points for each of the following project amenities: (All items receiving preference points for energy efficiency items must be certified by the architect/mechanical engineer that they exceed the minimum standards indicated).

1. Wall R factor in excess of R-11;

2. Ceiling R factor in excess of R-30;

3. SEER rating in excess of 11;

4. Heating systems that exceed the AFUE of 80%;

5. Solar heat gain coefficients lower than .75;

6. 40-year composition shingle or tile roofing;

7. Patio or balcony for each unit – minimum of 48 sq. ft.;

8. Covered parking for each unit – per local building code;

9. Equipped laundry room – minimum of 4 coin-operated washers/dryers with 20 sq. ft. of counter space.

10. Exterior storage for each unit – minimum 24 sq. ft. floor area, wood-framed structure;

11. Washer and dryer hookup for each unit. (There will be no preference points awarded for this category to projects that already received preference points in Section 12 (A)(2);

C. Projects will receive 1 preference point for each of the following project amenities:

1. Ceiling fan for each unit – in living area or master bedroom;

2. Exterior lighting for each unit;

3. Illuminated walking paths.;

4. Air conditioner or swamp cooler for each unit;*

5. Programmable thermostats in each unit;

6. Equipped playground;

7. Equipped picnic area – minimum of 3 barbecue units and 3 six-foot picnic tables/benches on a concrete slab no less than 350 sq. ft.

*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.

Maximum number of amenity points available: 40

Section 13 Preference Points for Acquisition/Rehabilitation, Conversion* and Change of Use Projects**

A. Preference points will be awarded to acquisition/rehabilitation, conversion or change of use projects, provided that 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. The number of preference points awarded will be based on the following per unit rehabilitation investment:

Per Unit Rehabilitation Investment	Preference Point Value
10,000 plus	40
7,500-9,999	30
6,000-7,499	20

1. Projects applying for Tax Credits in this category must have a per-unit rehabilitation investment of at least $5,000.00 or the amount identified in the CNA, whichever is greater. 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.

2. The rehabilitation investment will be calculated by taking the project's 9% eligible basis, before an adjustment for being located in a qualified census tract, divided by the number of residential units.

*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).

Projects receiving preference points in this category are not eligible to receive preference points in the Project Amenities category.

Maximum number of points available: 40

Section 14 Preference Points for Mixed-Income Projects*

A. Preference points will be awarded to mixed-income projects. At a minimum, 40% of the total units in the project must be unrestricted, market-rate units. Conversely, the project must set-aside at least 40% of the total units in the project for tax credit eligible tenants. Points will be distributed as follows (all percentages will be rounded to the nearest whole number):

45% Market rate units = 2 preference points
50% Market rate units = 4 preference points
55% Market rate units = 6 preference points
60% Market rate units = 8 preference points

*Sponsors awarded tax credits for mixed-income projects must be aware of the next available unit rule and maintaining the project's applicable fraction throughout the term of the compliance period.

Maximum number of points available: 8

Section 15 Preference Points for Mixed-Use Projects Combining Retail/Commercial with Residential Units:

A. Mixed-use developments will receive preference points as they support a balance by creating both jobs and affordable housing within a community. Ten preference points will be awarded to a mixed-use project if the following criteria are incorporated:

1. The project must contain a minimum of either 10% of gross floor space of the entire project or 3,000 square feet of commercial/retail or office space on the project site;

2. The commercial/retail or office space must be leased to a third party before 8609's are issued for the project.

3. Evidence must be provided from the local government that the site is properly zoned for both residential and commercial/retail or office space. The commercial/retail or office space establishment and the housing component must be parceled out. Separate legal descriptions will be required prior to the project receiving a carry-over allocation of tax credits.

4. The commercial / retail or office space costs are not included in eligible basis for purposes of the Low Income Housing Tax Credits Program. The project owner must indicate the source of funds for the commercial/retail or office portion of the project in the application's sources and uses. The commercial/retail or office space component must be underwritten separately, with a 1.20 debt service coverage ratio.

5. The market study must have a separate commercial/retail or office space component which addresses the economic viability of the site and the enterprise, based on comparable leasing costs per square foot, projected income/operating expenses, vacancy allowance, local competition, etc.

6. The commercial/retail or office space establishment must be conducive to family housing (no liquor stores, nightclubs, adult only establishments, massage parlors, etc.)

Maximum number of points available: 10

Section 16 Preference Points for Readiness to Proceed

A. 30 preference points will be awarded to projects if the project owner can demonstrate a readiness to proceed by promising that construction, rehabilitation, or conversion will begin within 270 days from the date the Tax Credits reservation letter is issued.

Maximum number of points available: 30

Section 17 Preference Points for Nevada Based Applicant

A. Pursuant to NAC 319.989(14), 50 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 or chief operating officer, conducts regular business; and

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 points available: 50

Section 18 Preference Points Based on Distribution of Developer Fees

A. Based on a scale of 50, preference points will be awarded to projects based on the percentage of developer fee that is being earned by the Nevada based developer. The ratio applied to each application will be based on the number of applications received for each apportioned location (Clark Co., Washoe Co. and other counties) and accepted; divided into a base number of 50. For example, if there are a total of 18 applications received and accepted for Clark County, the ratio value equals 2.78 (50 divided by 18). If 100% of the developer fee is being distributed to the Nevada-based developer, the developer would receive 50 preference points. The next highest application would receive 47.22, the next highest 44.44, and so on.

1. For purposes of this category, the Division will consider the national headquarters of any multi-state developer as its primary location when determining the percentage of developer fees being distributed.

Maximum number of points available: 50

Section 19 Preference Points for Low-Income Housing Experience

A. 10 preference points will be awarded for each low-income housing project located in Nevada and 5 preference points will be awarded for each low-income housing project located outside of Nevada in which the applicant (or any general partner, managing member, or controlling shareholder of the applicant) has materially participated in the development. 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 to an amount that does not exceed

60% AMI. The maximum number of projects that will be eligible to receive preference points is five (5).

An addendum to the application is required to provide a brief description of each project, 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 Restrictive Covenants also is required. The project owner must identify the individual or employee for which the experience is being claimed and their involvement in the project.

See NAC 319.989 (16)

Maximum number of points available: 50

Section 20 Preference Points for Extended Compliance Periods

A. 10 preference points will be awarded to projects for each five-year period that the project owner agrees to extend the compliance period beyond the thirty-year minimum.

See NAC 319.989 (13)

Maximum number of points available: 40

Section 21 Preference Points for Tenant Populations with Special Needs

A. 50 preference points will be awarded to projects if an applicant that has a minimum of three years experience providing a service or assistance to persons with special needs. The proposed project must set aside a minimum of 20% of the total units to house those tenants with the identified special needs. "Populations with special needs" include:

1. Persons with mental illness or retardation;

2. HIV/AIDS patients;

3. Persons with developmental and physical disabilities;

4. Persons with drug or alcohol addictions;

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

6. Affordable senior housing; or

7. Affordable assisted living for seniors.

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.

To be considered for senior housing preference points; all of the units in the project will be targeted for seniors. Per Fair Housing Law, however, at least one household member 55 years of age or older must occupy at least 80% of the units at all times to be considered senior housing. Conversely, no more than 20% of the units can be rented to households other than those aged 55 years or older.

The above list of "Populations with Special Needs" (1 through 7) 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.

Projects receiving preference points in this category are not eligible to receive preference points in the category "Low-Income Housing Experience."

See NAC 319.989(19)

Maximum number of points available: 50

Section 22 Developer Fee/Contractor Fee

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.

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. 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 costs 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

Section 23 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 are acceptable, but must include an explanation with the application.

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

Section 24 Adjustments to Eligible Basis for Projects Located in Qualified Census Tract and Difficult to Develop Areas

A. Applicants who will be building 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.

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

2. For plan year 2001, "Difficult to Develop Areas" as identified by The United States Department of Housing and Urban Development (HUD) will be released at a later date in the Federal Register.

See NAC 319.991

Section 25 Maximum Amount of Tax Credits that can be 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 $500,000. The Division will accept applications that request Tax Credits from more than one sub-account, as long as the total amount of credits requested does not exceed the maximum limit.

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 similarly 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 first 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.

Section 26 Maximum 2001 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 is January 1, 2000. (HCF represents the High Cost Factor)

# of Bedrooms	Base Limits	+10% Nevada Adjustment	South Lake Tahoe HCF 182%	Carson City, Clark County & Washoe County HCF 177%	Elko County HCF 176%	Lincoln County HCF 174%	Nye County HCF 170%	All Other Areas HCF 168%
0	$35,400.	$3,540.	$67,968.	$66,198.	$65,844.	$65,136.	$63,720.	$63,012.
1	$40,579.	$4,057.	$77,910.	$75,881.	$75,476.	$74,664.	$73,041.	$72,229.
2	$49,344.	$4,934.	$94,740.	$92,272.	$94,779.	$90,792.	$88,818.	$87,831.
3	$63,834.	$6,383.	$122,560.	$119,369.	$118,730.	$117,454.	$114,900.	$113,624.
4	$70,070.	$7,007.	$134,534.	$131,030.	$130,330.	$128,928.	$126,126.	$124,724.

Section 27 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, all three of the following criteria will be applied and compared on a project by project basis:

A. Lowest Developer Fee- including deferred, as a percentage to eligible basis calculated as per Sec. 22 — .25 point

B. Lowest Contractor Fee as a percentage to total construction costs, to be limited to the percentage of general requirements, contractor overhead, and contractor profit to actual construction costs, see Sec. 22. — .33 point

C. Lowest amount of Tax Credits requested per square foot based on the total square footage of the rent-restricted units (excluding common area) — .50 point

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

For projects utilizing the 130% adjustment to eligible basis, the eligible basis prior to the adjustment will be considered for purposes of determining the Tax Credits requested under (C) above. The 9% or 4% applicable tax credit percentage will be used to calculate eligible/qualified basis when determining the amount of tax credits per square foot.

Section 28 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. 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 twelve (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 ten 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.

The project owner assumes the risk that these estimates will be reasonable and supportable at the time the project is placed in service.

Section 29 Tax Exempt Bond Program

Projects may be eligible to receive an allocation of 4% Low-Income Housing Tax Credits if tax exempt bonds are issued during this plan year and they comply with all of the provisions of this QAP and all state and federal regulations.

Section 30 Fees

All feeds paid to the Division are non-refundable.

A. Application Fee

The application fee for Low-Income Housing Tax Credits projects without tax-exempt bond financing is $950.00. For projects requesting tax-exempt bond financing, the application fee is $1,250.00.

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 $500.00 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-adventuring 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 5.0% 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. See NAC 319.978(2).

D. Carryover Fee

An administrative fee of $200.00 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 $15.00 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.

Section 31 Waiver of Annual Income Re-certification

Project owners of projects that are one hundred percent (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 Division within 30 days of the completion of the report.

Section 32 Approval and Distribution of this Plan

A. Hearing dates

In accordance with the Regulations, hearings were held on this annual plan on:

1.	June 22, 2000 in Las Vegas, Nevada	9:00 a.m. to 1:00 p.m.
2.	July 10, 2000 in Sparks, Nevada	9:00 a.m. to 1:00 p.m.
3.	July 11, 2000 in Elko, Nevada	9:00 a.m. to 1:00 p.m.

Following these hearings, the second draft of this QAP was produced and is being distributed.

The Division will hold the final public hearing on Nevada's 2001 QAP in Las Vegas, Nevada, at the Grant Sawyer Building, room 4412, beginning at 1:30 p.m. on September 5, 2000. The locations for the past and upcoming public hearing are as follows:

Las Vegas	Grant Sawyer Building 555 East Washington 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
Sparks	Nevada Department of Transportation 310 Galletti Way Sparks, Nevada Conference Room (775) 834-8300		

The Division has made notification of this draft of Nevada's 2001 QAP in accordance with the requirements of NAC 319.971.

Section 33 Housing Division Offices

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