



IOWA FINANCE  
AUTHORITY

# **2014 LIHTC Mandatory Developer Training October 22-October 24, 2013**

# 2014 Application General Overview

- 1) Request User ID
- 2) IFA assigns a role & notifies User via email.
- 3) Go to link on IFA website.
- 4) Select “Create a New 9% Application” or “Create a New 4% Application” (tax-exempt bond financed Projects only).
- 5) Only a user who creates an application can make changes to that application UNLESS they grant other users access to the application.
  - Make sure all users have appropriate role before granting access.
- 6) Don't share user ids and passwords. Each user must have own user id and password.

# 2014 Application General Overview

7) Applicants are responsible for ensuring that individual users they grant access to applications have been assigned the correct “role”.

- Guest vs. Reviewer

8) Enter information into each application tab. Check boxes appropriate to reflect the Project & the Owner/Applicant elections.

9) A Green check mark means everything has been entered. A Red X means there is something missing or an error exists.

- Some Tab(s) information is tied to other tabs so a red X may remain on both tabs until all information is entered.

10) Before an application can be submitted, all errors and red X's must be corrected.

11) At submission, Applicant must enter credit card or bank account/routing information to make payment for the market study and application fees in the on-line application.

# 2014 Application Overview of Changes

## Copy Feature

- Ability to copy a 2013 Threshold Accepted or Threshold Denied application by going to the 2013 application and selecting the copy button.
- Applicants are solely responsible for ensuring all information copied over correctly and accurately and all required updates were made to the application to meet the 2014 QAP requirements and the Applicant's Project intent. Will certify to this on Exhibit 1T.
- If you copy a 2014 Threshold In Work Application it will go to another version of a 2014 Threshold In Work Application – just rename it.

# 2014 Application Overview of Changes

## Save and Return – Partial Entry of Information

- Applicants can now partially enter information in a Tab and select save and then come back and finish entering information into the Tab.
- Red X means missing information and prompts user to return to finish completing information or fix errors.

# 2014 Application Overview of Changes

- 2014 QAP Section 5.4.6.1 – 5.4.6.3.6 lists ineligibility information for significant parties (defined in Glossary) and timeframes for ineligibility.
  - ✓ If any team member answers “yes” to any of the questions in the Project Team tab, they will be ineligible and won’t be permitted to submit the application.
  - ✓ Do not answer question “no” just to be able to submit the application. This is falsifying the application.

# 2014 Application General Overview

Before entering an application, please review QAP, Part C, 13.2.

“The representations made in the Application shall bind the Applicant and become a contractual obligation of the Developer and the Ownership Entity and any Entity the Developer or Ownership Entity is representing in the presentation of the Application or a successor in interest in the event Tax Credits are awarded to a proposed Project.”

# Project Description Tab

## a) Set-Asides

- Set-Asides options have been updated to reflect the 2014 QAP Set-Asides: Non-Profit, Preservation, Senior, and Rural.

## b) Minimum Set-Aside Requirements

- A Note has been added to remind Applicants that if electing points under Scoring - Resident Profile, Category 1, “Serves Lowest Income Residents with Deep Rent Skewing”, the box must be checked.

# Project Description Tab

## c) Other Elections

- Rent Reasonableness (2013) removed & Rent Reduction (2014) added.
- If points will be requested for Scoring – Resident Profile, Category 5, “Rent Reduction” the box must be checked and then rents must be entered accordingly on the Building Tab-Unit Section of the application.
  - This category isn’t available if Applicant elects points for Resident Profile, Category 1 or Building Characteristics, Category 3.

## d) Occupancy Type

- Removed Special Needs Type box.
- Removed Affordable Assisted Living Program/Facility including 10 or more low-income units check box.

# Project Description Tab

## e) Location Near Services

- Added Public Library and Workforce Training.
- Must check applicable boxes & provide Exhibit 3S for each services for Scoring – Location, Category 1, “Location Near Services.”

## f) Rental Assistance

- Split out questions between HUD-VASH Voucher Assistance, Local Project-Based PHA Voucher Assistance, & Project-Based Rental Assistance (non local PHA).
  - Can only request points for one. Check the appropriate box to request points for Scoring – Building Characteristics, Category 3.
  - Must provide Exhibits 7T & 7S.
  - 7S MUST be provided if points have been requested by Applicant check box in application.



# Project Description Tab

## g) Readiness to Proceed

- Removed Capital Needs Assessment. This is still a requirement, but no points are received for having this at application submission.

## h) Impact on the Environment

- Energy Efficient Water Heaters: tankless water heater is now .96 efficient in the Description.
- Added Passive Radon System & Description.

## i) Energy Efficiency

- Updated to reflect that there is only 1 option for points for New Construction or Existing Structure.
  - Check appropriate box to elect points for Building Characteristics, Category 8.

# Targeting Plan (New 2014)

## a) Replaces Special Needs

- All 9% Projects now required to target 10% of the total Project Units to the target population with a Disability as set forth in QAP Section 5.16 (persons with a disability).
- Added required check box stating Ownership Entity understands and certifies to comply with the Targeting Plan requirements.
- Updated Held for Occupancy language to QAP 2014 language.
- Removed Maintaining Waiting List
- Removed Project Unit Design & Suitability for Occupancy
- Removed Service Coordination and Services & Activities

# Site Description Tab

The check box for the exemption stated in the 2013 QAP Section 5.9 was removed. This related to the 20 mile radius for the scattered site projects under the RD Preservation Demonstration Program.

# Zoning Tab

A required check box has been added if the site is not appropriately zoned at the time of threshold submission.

- Applicant must check the box certifying the site will be zoned appropriate by the Carryover-10% Test due date.

# Ownership Entity Tab

- a) DUNS # is required if State HOME funds requested.
- b) Changed language on notification of PHA vacancies. Now required to provide a copy of the PHA notification of vacancies (no IFA form or agreement required).
- c) Added a grey box that is checked stating Owner acknowledges that in the event IFA is awarded project-based subsidy from HUD under the Section 811 Program, the Project, whether or not it applies for Section 811, can be required by IFA to participate in and accept an allocation of the Section 811 project-based subsidy and to comply with all applicable program requirements.

# Ownership Entity Tab

d) Added question asking if Ownership Entity is an IFA Certified CHDO.

e) Added a grey box that is checked stating the Ownership Entity, if awarded tax credits, certifies that annual audited financial statements for the Project will be submitted to IFA within 90 days of the close of the Project's fiscal year, beginning the year the Project has received the IRS form 8609.

# Project Team Tab

- a) Home Applicant has been removed and the information added to the Developer Tab.
  - HOME Applicants will enter the Tax Identification # of the HOME Applicant and indicate if an IFA Certified CHDO and provide the DUNS # if yes.
- b) Lead Service Provider has been removed.
- c) Architect is now a Mandatory Project Team Member.

# Project Team Tab

d) Language was updated on the different Project Team Member Tabs pertaining to Significant Parties, ineligibility, and scoring.

e) If an Applicant enters a “yes” for Developer/Co-Dev., GP/MM, or Co-GP/MM or any mandatory project team member to any of the questions pertaining to ineligibility for the 5, 3, or 1 year periods, will not be able to submit an application.

➤ Refer to QAP Sections 5.4.6.1 to 5.4.6.3.6

f) Applicants MUST include all entities that will work or provide services to the project and receive payment. If a Project Team “type” doesn’t fit the team member, list it under “Other”. This is especially important to disclose these “Other” entities if there is an Identity of Interest with any Project Team Member.

# Project Amenities Tab

- a) Updated the Market Appeal, Amenity, and Construction Characteristics items per the 2014 QAP.
- b) Gardening Area definition updated.
- c) In-unit laundry space with washer & dryer definition updated.
- d) Range, refrigerator, and In-unit microwave are now mandatory threshold items and are checked & greyed out.

# Construction Characteristics Tab

- a) Computer learning center has been removed.
- b) High speed internet access definition has been updated.
- c) Minimum unit square footage description was updated and exception removed.
- d) Energy efficiency description updated.
- e) Combined carpeting categories.
- f) Removed the ASHRAE requirement for New Construction 4 stories or more.

# Construction Characteristics Tab

- g) Updated the description for Cabinetry to remove reference to two-bowl sink.
- h) Removed description box for Accessible Units.
- i) Bedrooms heading was changed to Closets.

# Buildings Tab

- a) Updated language regarding accessible, visitable, and units with accessible communication features.
- Accessible Units **MUST** be dispersed throughout the Project rather than segregated and if a Project offers units with different bedroom sizes, then all Accessible Units need to be dispersed throughout all bedroom sizes as well.

# Buildings Tab

b) Check box removed for the exception to the minimum unit square footage. Minimum unit square footage applies to NC and Adaptive Reuse. No minimum unit sq. ft. requirement for acq/rehab.

c) When entering HOME units, once the AMI% is entered, the type of HOME unit will populate as long as the box is checked indicating the unit is a HOME Unit.

d) If a Project is both Acq/Rehab and NC, must now enter the # of LIHTC rehab units and the # of NC LIHTC units. This is required to apply the tax credit cap per LIHTC unit stated in QAP Section 4.9.1.

# Buildings Tab

e) When entering buildings & units will need to indicate # of units in a building that are fully accessible, visitable, type A, or a unit with communication features.

- # of Units entered in each building for each type must match the # entered on the Building Tab.

f) A summary of each of the Unit Types will now show in the Building Summary & Unit Summary.

g) Rents by bedroom size and AMI is now listed per BIN in the Summary.

h) If a Rose Project (all single family homes), an Applicant can select “copy utility allowance to other buildings” so this only has to be entered once.

# Funding Sources Tab

a) Local Government Contribution Section has been updated to reflect just local govt. contribution.

- Exhibit 5S required.

- Two items added to the drop down: City HOME & Urban Revitalization Tax Exemption (URTE)

b) A \$100 mandatory General Partner Contribution has been added as a funding source.

# Costs and Credit Calc Tab

The 4% rate is 3.30% & the 9% rate is 7.7%.

# Projected Operating Costs Tab

- a) Supportive Services requirement & Service Coordinator-Employee no longer required under Section IV. Other Expense.
- b) Total operating expenses not including taxes and reserves has been added as well as the per unit per year calculation for these.

# Projected Cash Flow Tab

- a) Vacancy rate is 7% for Projects except Projects with 25 Units or less will use 10%.
- b) Operating expenses no longer include resident support services.
- c) Average DSCR 15-Year Average has been added.

# HOME Requirements & HOME Tabs

- a) Home Requirements Tab has new requirement language added. Please review it and make sure box is checked.
- b) Home Tab has been redesigned and headings changed.
  - Added section for designated population for Units.
  - Added description box for accessory building(s)-areas-commercial facilities.

# HOME Tab

- c) Added an explanation box for local support.
- d) Added Capacity questions.
- e) Added fields to enter information for the Project Team member that has National Environmental Protection Act experience.
- f) Modified the Project Timetable.
- g) Added Staff Experience Fields.
- h) Added section to enter additional HOME Match not listed in the Funding Source Tab.

# HOME Overview Tab (New 2014)

Tab provides Summary Information of HOME specific Project information after it has been entered in the HOME tab and Application.

# HOME Unit Comparability

No entry required.

The information listed is for IFA HOME staff to use to determine the maximum HOME investment. Information is carried over from the building tab, costs and credit calc tab, and the HOME tabs.

# Financial Feasibility Tab

Updated language and requirements to match the 2014 QAP specific to the following:

- Operating Expenses
- Debt Coverage Ratio
- Operating Reserve
- Annual Per-Unit Replacement Reserves
- Unit Cost Cap
- Tax Credit Cap per LIHTC Unit
- Developer Fees
  
- Building & General

## Contractor Fees

- Construction Contingency
  - Minimum # of HOME Units
  - Maximum HOME funds for Project
  - Maximum HOME funds per Unit
  - Accessible Units

# Examples of Unit Cost Cap (QAP 4.9)

29 - 2 bedroom LIHTC Units & 1 Market Rate 2 bedroom Unit in Des Moines locality for 221(d)(3) limits. 2 bedroom = \$177,422

## Unit Cost Cap Calc.

30 units X \$177,422 = \$5,322,660 Unit Cost Cap

# Examples of Unit Cost Cap (QAP 4.9)

4 – 2 bedroom Units, 9 – 3 bedroom Units, 5 – 4 bedroom Units. Total 18 Units

- 221(d)(3) locality is Cedar Rapids
- 2 bdrm. = \$178,965 , 3 bdrm. = \$231,522,  
4 bdrm. = \$254,140

## Unit Cost Cap Calc.

$$4 \times \$178,965 + 9 \times \$231,522 + 5 \times \$254,140 = \$4,070,258$$

# Example of Tax Credit Cap per LIHTC Unit (QAP 4.9.1)

Acq/Rehab with New Construction (NC) of 40 LIHTC Units & 2 Market Rate Units. Located in a Non-MSA County.

- 16 NC LIHTC Units: 12 are 3 bedrooms & 4 are 4 bedrooms
- 24 Acq/Rehab LIHTC Units: 8 = 2 bedrooms, 16 = 3 bedrooms

## Tax Credit Cap per LIHTC Unit Calc.

$12 \times \$15,000 + 4 \times \$16,500 = \$246,000 \times 1.30\% = \$319,800$   
(NC)

$8 \times \$9,000 + 16 \times \$11,500 = \$256,000 \times 1.30\% = \$332,800$   
(Acq/Rehab)

Total Cap per LIHTC Unit =  $\$319,800 + 332,800 = \$652,600$

# Example of Tax Credit Cap per LIHTC Unit (QAP 4.9.1)

Same scenario but not in a QCT or in a Non-MSA will result in the 30% boost being removed or a tax credit cap per LIHTC unit of \$502,000 vs. \$652,600.

# Scoring Tab

a) Updated all categories per 2014 QAP Section 6.

b) If a Project is eligible for points under Resident Profile Category 1, Resident Profile Category 5, or Building Characteristics Category 3, Applicant must choose which category points are elected for.

➤ Pay attention to the possible points and the election you choose as it is final once you agree and submit the application.

# Fees

The construction monitoring fees will be billed through the on-line system for those upon submission of the Carryover-10% application for projects awarded in 2014.

- 4% Projects will be billed and payment required at 8609 application submission.

# 2014 LIHTC Exhibits

All 2014 LIHTC & HOME Exhibits are listed in 2014 Appendix K.

*T = Threshold, B = Building, SA= Set-Aside, S= Scoring*

- Exhibit 1T – Application Certification. Required IFA Form & Upload for All Projects. Modified for 2014. Available soon.
  - New language on accessible, visitable, Type A, and Units with communication features
  - New certification for OE & Developer – Contractors
  - Additional language added under General Certification.
    - ✓ Make sure entity names match the LIHTC application – Project Team Tabs.
    - ✓ Make sure authorized signors are signing the form.

# 2014 LIHTC Exhibits

- Exhibit 2T – Only required if requested by IFA. It is an IRS form 8821 and would need completed by the Developer and Co-Developer (if applicable). Applicant Upload required if requested by IFA.

# 2014 LIHTC Exhibits

- Exhibit 3T – Ownership Entity (OE) Documentation. 3Ta – 3Te
  - 3Ta = IRS F.E.I.N. letter in Ownership Entity's Name.
  - 3Tb = Current Certificate of Limited Partnership
  - 3Tc = Current Limited Partnership Agreement
  - 3Td = File-stamped Articles of Organization
  - 3Te = Current Operating Agreement
    - ✓ Make sure the OE name & entity names match the Ownership Entity Tab & OE Components and the Project Team Tabs for the Limited Partner, General Partner/Managing Member and Co-GP/MM if applicable.
    - ✓ Must be fully executed documents.
    - ✓ Exhibits Tab in Application will tell you which is required based upon entity type entered into the application for the Ownership Entity.
    - ✓ Required of all Projects.
    - ✓ Refer to Appendix K.

# 2014 LIHTC Exhibits

- Exhibit 4T – Owner Representative Documentation (General Partner/Managing Members and Co-GP/MM). 4Ta – 4Tg
  - 4Ta = Current Certificate of Limited Partnership
  - 4Tb = Current Limited Partnership Agreement
  - 4Tc = File-stamped Article of Organization
  - 4Td = Current Operating Agreement
  - 4Te = File-stamped Articles of Incorporation
  - 4Tf = By-laws
  - 4Tg = Board resolution approving action of the corporation for the proposed Project

# 2014 LIHTC Exhibits

- ✓ Make sure the GP/MM and CO-GP/MM entity types and names entered in the Project Team Tabs for the General Partner/Managing Member and Co-GP/MM match the Exhibits.
- ✓ Must be fully executed documents.
- ✓ Exhibits Tab in Application will tell you which is required based upon entity type entered into the application for the GP/MM and CO-GP/MM (if applicable).
- ✓ Required of all Projects.
- ✓ Refer to Appendix K.

# 2014 LIHTC Exhibits

- Exhibit 5T – Letters of Intent from Construction & Permanent Financing Lenders.
  - Must be on lender letterhead
  - Must state the term of the permanent loan, how the interest rate will be indexed, and the current rate at the time of the letter, the amortization period, fees, pre-payment penalties, anticipated security interest in the Property and lien position.
  - Letter term lengths must extend at least 6 months past 12-9-13 (6 months past application due date for 9% applications).
  - Required for all Projects.

# 2014 LIHTC Exhibits

- Exhibit 6T – Commitment letters from all other sources except State HOME funds and IFA approved participating Cities with allocated HOME funds must be made in advance. Required of all Projects. The letter must include:
  - Value of commitment
  - Interest Rate & Term
  - Purpose the funds can be used for
  - Time limitations related to the commitment

# 2014 LIHTC Exhibits

- Exhibit 7T - Executed & Current Project-Based Rental Assistance Contract or a Commitment Letter from Public Housing Authority (PHA) for Local Project-Based Vouchers or HUD-VASH Vouchers. Applies only to Projects with this type of Assistance.
  - Must be fully executed Project-Based Rental Assistance Contract.
  - If PHA committed Project-Based Vouchers or HUD-VASH Vouchers, a commitment letter can be provided if an actual contract has not yet been executed.
  - Must show the total number of units in the project and the number of units covered under the current project-based rental assistance contract or commitment.

# 2014 LIHTC Exhibits

- Exhibit 8T – Eligibility under IRC 42(d)(2)(B)(ii) Ten-Year Rule. IFA required form. Doesn't apply to NC projects.
  - ✓ Make sure fully completed.
  - ✓ If the # of years for any building is less than 10 years, provide the explanation for any exception under the Code and list the Code Section or Revenue Ruling which would make the building eligible for tax credits under Section 42(d)(2)(B)(ii).

# 2014 LIHTC Exhibits

- Exhibit 9T – Development Consultant Agreement. Required if Project will have a Development Consultant.
  - ✓ Must be fully executed.
  - ✓ Fee must be listed in Costs and Credit Calc Tab.

# 2014 LIHTC Exhibits

- Exhibit 10T – Documentation relating to syndication or other sale/exchange of tax credit interest to investors.
  - ✓ Required for all Projects.

# 2014 LIHTC Exhibits

- Exhibit 11T – Utility Allowance Documentation.  
Required if there is a utility allowance or if Project has a HUD Project-Based Rental Assistance Contract.
  - Provide most recent PHA, RD, HUD, or Utility Company documentation showing source of utility calculations.
  - Amounts must be circled on the chart.
  - HUD projects must also provide a copy of the most current HUD rent schedule – even if there is a \$0 utility allowance.
  - RD Projects must provide current documentation of the RD utility allowance approval.

# 2014 LIHTC Exhibits

- Exhibit 12T – Applicant provided Market Study Documentation.
  - For 9% Projects, Applicants may provide previous market study or other information they want relayed to the IFA-assigned Market Study Provider. Optional.
  - For 4% Projects, Applicant must attach a prepared market study. Required of all 4% Projects.

# 2014 LIHTC Exhibits

- Exhibit 13T – Relocation Plan. IFA required Form. Submit if applicable.
  - If applying for State HOME and LIHTC, the HOME Exhibit H-24 is required and not Exhibit 13T; all other LIHTC projects must submit Exhibit 13T as applicable.

# 2014 LIHTC Exhibits

- Exhibit 15T – Authorization to Release Information & Project Listing. IFA Required Form. Required of all Projects.
  - Must be completed for each Developer/Co-Developer, General Partner/Managing Member and Ownership Interest.
  - Must be completed for all states in which any of these entities have previously or currently participate in the LIHTC program, including Iowa.
  - Applicant must upload copies of each form sent to each state agency. 1 PDF of all 15T's preferred.

# 2014 LIHTC Exhibits

- Exhibit 16T – IRS form 8823 and State Non-Compliance Details and Narrative. IFA Required Form. Required of all Projects.
  - Must be completed for each Developer/Co-Developer, General Partner/Managing Member, Management Company, and Ownership Interest.
  - Must list all IRS form 8823's which were issued in the previous 12 months & all out of compliance IRS form 8823's issued in the last 36 months.
  - Provide to each state agency with Exhibits 15T and 17T.
  - Applicant must upload copies of each form sent to each state agency. 1 PDF of all 16T's preferred.

# 2014 LIHTC Exhibits

- Exhibit 17T – State Agency Performance Questionnaire for LIHTC Program and other State Programs. IFA Required Form. Required of All Projects that have participated in LIHTC Program and other State Programs.
  - Applicant sends to each state agency along with Exhibits 15T and 16T for completion.

# 2014 LIHTC Exhibits

- Exhibit 18T – Financial Statements for the past three (3) years. Required of all new Developers in Iowa, but may be requested for any Developer.

# 2014 LIHTC Exhibits

- Exhibit 19T – Scattered Site 20-mile Radius Documentation via Googlemaps.
  - Required of all scattered site projects to document that all buildings are located within a 20-mile radius using [www.Googlemaps.com](http://www.Googlemaps.com).
  - Will be added as a required Exhibit on the Exhibits Tab when “scattered site project” is checked on the Site Description Tab.

# 2014 LIHTC Exhibits

- Exhibit 1B – Documentation evidencing site control or ownership of site(s). Required of all Projects.
  - At the time of application, Applicant (Ownership Entity) must have site control by:
    - ✓ Holds title to the Property and has properly executed and recorded warranty deed or a title opinion showing title in the Applicant name or a title guaranty certificate showing title in the Applicant name.

# 2014 LIHTC Exhibits

- ✓ Applicant has executed an exclusive purchase option agreement or other binding agreement that is valid for 6 months following the date of the Application deadline. With this “option”, evidence of site ownership must be submitted with the Carryover-10% Application.
- ✓ Applicant has an executed purchase contract.
- ✓ Applicant has an executed lease or an option on a lease. Lease term not less than longer of 1) entire period Project will be subject to the LURA, 2) 50 years, 3) the expected useful life of the buildings comprising the proposed Project.

# 2014 LIHTC Exhibits

- ✓ A site, including any building located thereon or Project acquired or used for rental activities, must be held in fee simple title by the Applicant (recipient) upon the disbursement of HOME funds and throughout the contract term with IFA. An installment contract or leasehold interest is NOT an acceptable recipient interest.
- ✓ There must be common ownership between all Units and Buildings within a Single Project for the duration of the initial Compliance Period and the Extended Use Period, if applicable.
- ✓ Refer to QAP Appendix 1, A.

# 2014 LIHTC Exhibits

- Exhibit 2B – Appraisal. Required for all HOME/LIHTC Projects or LIHTC Projects that are acquired from an entity or person with an Identity of Interest. Refer to QAP Sections 5.4, 5.4.1.1 and 5.4.1.2.
  - Appraisal must be prepared by an MAI certified appraiser who is currently in good standing and isn't a related party.
  - Appraisal can't be over 6 months old from Application due date.

# 2014 LIHTC Exhibits

- Exhibit 7B – Proper Zoning from City/Municipality. Required of all Projects.
  - Must be fully completed on the top of the form relative to the Ownership Entity of the proposed Project.
  - Provide primary building address and all other requested information specific to the Project as requested on the form.
  - Information must match information provided in the application, especially the Zoning Tab.

# 2014 LIHTC Exhibits

- Exhibit 1SA – Letter from IRS stating a Non-profit is a qualified Non-profit under 501(c)3 or 501(c)4. Required of Projects requesting the Non-Profit Set-Aside.
  - Upload to the Exhibits Tab.
  - When all SA Exhibits (1SA-5SA) have been uploaded, then go to the Project Team Tab and select Request Non-Profit Approval.
  - Deadline is November 8, 2013.

# 2014 LIHTC Exhibits

- Exhibit 2SA – Attorney’s Opinion Letter for the Non-profit. Required of Projects requesting the Non-Profit Set-Aside. IFA Sample Form Provided on website.
  - Attorney’s opinion must state the proposed Non-profit is legally organized and is eligible to participate.
  - Should substantially confirm with the IFA sample letter.

# 2014 LIHTC Exhibits

- Exhibit 3SA – File-stamped Article of Incorporation for the Non-profit. Required of Projects requesting the Non-Profit Set-Aside.
  - One of purposes included in Article of Incorporation is the fostering of low-income (affordable) housing & other items that demonstrate satisfaction of the 2-year requirement for fostering low income housing or requirements of 42(h)(5).

# 2014 LIHTC Exhibits

- Exhibit 4SA – Resume or documentation demonstrating Non-profit's capacity to materially participate in the operation of the Project throughout the compliance period. Required of Projects requesting the Non-Profit Set-Aside.

# 2014 LIHTC Exhibits

- Exhibit 5SA – IRS Print-out showing Non-profit is a qualified Non-profit. Required of Projects requesting the Non-Profit Set-Aside.

# 2014 LIHTC Exhibits

- Exhibit 2S – Provides an Opportunity for Homeownership (ROSE Program)
  - Appendix G – Exhibits A-C.
    - ✓ Will be updated in 2014 and available soon.
  - Exhibit 2S includes the Exhibits A-C of Appendix G as well as the required “plan” that must be submitted demonstrating how the Rose Program requirements will be met.
  - The “plan” is due at the time of threshold application submission if points are sought for scoring category,
  - Preliminary points will be requested if Applicant uploads a document as Exhibit 2S and marks Iowa Rose Program on the Project Description Tab. This doesn’t guarantee the Project will receive the final points. This is subject to IFA’s review of the Application and Exhibit 2S (which must include Exhibits A-C plus the “plan”).

# 2014 LIHTC Exhibits

- Exhibit 3S – Location Near Services.  
Required if electing points for this category. For each category in which points are sought (boxes checked on the Project Description Tab), provide the required documentation:
  - Google map that contains the specific name & address of the service along with the Project's Primary address. Map must show the distance is 1.0 mile or less.
  - Separate Google map required for each service in which points are requested for that meet the 1.0 mile or less requirement.

# 2014 LIHTC Exhibits

- If a scattered site Project, each building address at each site must meet the criteria to receive points.
- If a Google map doesn't show the Project, PRIOR to submission of the LIHTC application, email the request for LIHTC Manager approval. Must provide alternative method and explanation as to why this method should be an acceptable alternative. If approved, upload the LIHTC Manager approval with the appropriate Exhibit 3S.

# 2014 LIHTC Exhibits

- Exhibit 5S – Local Government Contribution. Revised 2014. IFA Required Form. Required for all Projects requesting points for this category.
  - Must be completed by Governmental Entity or Political Subdivision providing the contribution.
  - Information entered into the Funding Source Tab for Local Govt. Contribution must match Exhibit 5S.
  - Refer to QAP, Section 6, Location, Category 3.

# 2014 LIHTC Exhibits

- Exhibit 6S – Projects with Historical Significance. Required if the entire project is listed on the National Register of Historic Places or is determined to be eligible for the National Register by the State Historic Preservation Officer.
  - Must make point election on the Project Description Tab.
  - Must provide documentation that demonstrates the requirements have been met.

# 2014 LIHTC Exhibits

- Exhibit 7S – Documentation of Project-Based Rental Assistance (nonlocal PHA), HUD-VASH Vouchers, or Local Project-Based PHA Voucher Assistance. Required for Projects seeking points for this category.
  - Project Based Rental Assistance: Provide current fully executed project-based rental assistance contract.
  - HUD-VASH Vouchers: Commitment letter from the PHA or HUD stating the number of HUD-VASH Vouchers committed to the Project and the total # of Project units.
  - Local Project-Based PHA Voucher Assistance: Commitment letter from the PHA stating the number of project-based vouchers committed to the Project and the total # of Project units.
  - Make sure appropriate box is marked on the Project Description Tab to elect points for this category.

# 2014 LIHTC Exhibits

- Exhibit 9S – Readiness to Proceed/Utilities. IFA Required Form. Required for Projects requesting points for this category. Form will be modified in 2014 – available soon.
  - IFA form must be completed from each utility company.
  - Company must verify whether the utilities are readily available at the Project site(s), are adequately sized for the Project, and no extensions are needed.
  - Make sure box is marked on the Project Description Tab in order to request points.

# 2014 LIHTC Exhibits

- Exhibit 10S – Readiness to Proceed/Paved Road. IFA Required Form. Required for Projects requesting points for this category. Form will be modified in 2014 – available soon.
  - IFA form must be completed from the municipality.
  - Municipality must verify whether the Project has direct contiguous access to an existing paved road with no extensions needed
  - Make sure box is marked on the Project Description Tab in order to request points.

# 2014 LIHTC Exhibits

- Exhibit 11S – Readiness to Proceed/Zoning. IFA Required Form. Required of all Projects requesting points for this category. Form will be modified in 2014 – available soon.
  - IFA form must be completed from the municipality.
  - Municipality must indicate on the form the Project site is properly zoned for its proposed use.
  - Make sure box is marked on the Project Description Tab in order to request points.
  - Make sure information entered in the Zoning Tab match information completed by the Municipality.

# Targeting Plans

- All approved 9% Projects will be required to target 10% of the total Project Units to the Target Population (Persons with a Disability) as set forth in QAP Section 5.16.
  - Access to affordable, accessible housing is key to advancing Iowa's Olmstead Plan goals
  - Targeting Plan requirements to be satisfied after LIHTC award
  - No submission required at time of application but start thinking about Targeting Plan now

# Targeting Plans

- Basics
  - Not required to provide on-site supportive services or a service coordinator
  - Must demonstrate a partnership with a Local Lead Agency (see QAP Glossary definition)
  - Must submit a Targeting Plan to IFA for review and approval at least 120 days prior to the first Unit being Placed-in-Service

# Targeting Plans

- Start thinking about:
  - Review Held for Occupancy policy and discuss with other funding sources that will require compliance monitoring
  - How the Project will meet the needs of Target Population tenants in terms of unit design, access to services, transportation, rent subsidy and proximity to community amenities
  - How the Project will make Targeted Units affordable to Target Population Extremely Low-Income Households (know rent subsidy options)

# Targeting Plans

- Potential Local Lead Agency partner that can
  - Refer Target Population tenants to the Project
  - Provide, coordinate and/or act as a referral agent to make sure supportive services will be available
- Review QAP Section 5.16 and Appendix F
  - Understand the requirements – ask questions
- Review the Targeting Plan Template
  - Sample document can be expanded as needed but Targeting Plan Template provides minimum threshold level of information required and will help ensure greater consistency among Targeting Plans

# Construction 2014 LIHTC Exhibits

- Exhibit 3B – Color Photos of Project & Adjacent Property. Required of all Projects.
  - 8 photos of each building are required for rehab & acq/rehab Projects.
  - Must include the street address, bldg. #, & direction taken. This can be on photo itself or in the electronic name of the photo.
    - ✓ Looking @ each bldg. from the N, S, E, & W.
    - ✓ Looking out from each bldg. toward the N, S, E, & W.

# Construction 2014 LIHTC Exhibits

- Exhibit 4B – Legible recent official city map. Required of all Projects.
  - Must pinpoint the site location(s) & show the legal address of the property, the names of surrounding streets, and any other information important for the site inspection.
  - Must also provide a plat map or proposed re-plating map for each site location.

# Construction 2014 LIHTC Exhibits

- Exhibit 5B – Site Plan. Required of all Projects and must clearly show the following:
  - Location and extent of all proposed work.
  - Site dimensions
  - Easements & setbacks
  - All buildings, including manager's & accessory buildings
  - Parking
  - Play Area
  - Pool
  - Other Items (such as walking trails, garden, bike racks, etc.)

# Construction 2014 LIHTC Exhibits

- Exhibit 6B – Remediation Plan & Budget for Detrimental Site Characteristics. Required as applicable for all Projects.

# Construction 2014 LIHTC Exhibits

- Exhibit 8B – Plans and Specifications showing all proposed work at a minimum schematic design level of completion. Required of all Projects. Must clearly list the following:
  - Label the use of all rooms in all buildings.
  - Label the square footage of each room in each building.
  - Label all rooms in the units.
  - Label the square footage of each unit.

# Construction 2014 LIHTC Exhibits

- Exhibit 9B – Scope of Work. Required for all Preservation and Rehabilitation Projects. Must address, at a minimum, the following activities related to:
  - Making common areas accessible, creating or improving sidewalks, installing new roof shingles, adding gutters, sealing brick veneers, applying exterior paint or siding, & re-surfacing or re-paving parking areas.
  - Improving site and exterior dwelling lighting with Energy Star qualified lighting fixtures, landscaping/fencing, and installing high quality vinyl, hardiplank siding, or brick.

# Construction 2014 LIHTC Exhibits

- Using energy efficient related Energy Star labeled products to replace inferior ones, including insulated windows.
- Improving heating and cooling units, plumbing fixtures and water heaters, toilets, sinks, faucets, and tub/shower units to meet minimum efficiency standards for new construction.
- Improving quality of interior conditions & fixtures, including carpet, vinyl, interior doors, painting, drywall repairs, cabinets, Energy Star appliances, Energy Star light fixtures, & window coverings to meet minimum efficiency standards for new construction.
- Content should be consistent with Construction Characteristics, Project Amenities and other Application information submitted.
- Refer to QAP, Appendix 1, I.

# LIHTC Construction Design & Process Overview

- a) Buildings must be durable, attractive, modest and energy efficient.
- b) Designs must be prepared by architects and engineers licensed to practice in the State of Iowa.
- c) Designs must conform to prevailing local codes as well as IFA requirements.
- d) All contractors must be registered to work in the State of Iowa.

# LIHTC Construction Design & Process Overview

- e) Energy Star 3.0 standards must be met for New Construction & IECC for Rehabilitation Projects.
- f) Construction must begin within 18 months from the reservation date.
- g) An IFA Construction sign that meets the specifications outlined in the Application and Appendix E must be erected at initiation of construction.

# LIHTC Construction Design & Process Overview

h) Final plans & specifications must be submitted to & approved by IFA before commencing site work or construction. Final plans must incorporate any and all remediation plans to address detrimental site characteristics (if applicable). The final plans must meet:

- Applicable building standards & codes
- Minimum development characteristics
- All construction related scoring criteria for which points were awarded.

i) IFA must be promptly notified of any changes or alterations which deviate from the final plans & specifications as approved by IFA.

# LIHTC Construction Design & Process Overview

j) A Capital Needs Assessment must be submitted & approved by IFA prior to beginning construction.

k) For existing structures, prior to preparation of the final work rehabilitation order & start of rehabilitation, provide a copy of the energy audit conducted by a certified home energy rater to IFA. The rater, owner, and IFA will determine the feasibility of meeting the requirements of IECC. Appropriate specifications to meet IECC standards or alternate cost effective energy efficiency improvements must be included in the final work rehabilitation order.

# Design Submittal

Capital Needs Assessment (Rehab only)

Scope of Work (Rehab only)

Energy Assessment/Report

Plans & Specifications that include completed civil, architectural, code reviews and specifications; and sprinkler, mechanical & electrical schematics that clearly show IFA requirements are met.

# Inspections & Site Visits

- An IFA representative must attend the Pre-Construction/Kick-off Meeting.
- IFA is not the inspector of record.
- Inspections are required as follows:
  - ✓ NC: Foundations, Rough-In, Insulation or Progress & Final
  - ✓ Rehab: Three Progress Visits and a Final
- 2014 QAP contains fees for missed or failed inspections. Refer to QAP Section 3.4.7.



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# **LIHTC / HOME 2014 Applications**

# HOME Rental Overview

- IFA's maximum HOME investment per project is \$1,000,000
- IFA's maximum HOME investment per unit is based on the 2012 221(d)(3) limit for elevator type projects

[Iowa 221 \(d\)\(3\) limits](#)

# HOME Update

- The 2013 HOME Final Rule was published August 23, 2013

## [2013 HOME Final Rule changes](#)

- Various timelines for implementation of the new requirements, most are effective now

# CHDO Changes

- New rule only allows for CHDO participation in a LIHTC project as a “Sponsor”

# CHDO Changes

- CHDO “sponsors” rental housing when the property is “owned” or “developed” by:
  - Subsidiary of the CHDO (may be for-profit or nonprofit organization, must be wholly owned by the CHDO)
  - Limited partnership (the CHDO or its wholly owned subsidiary must be the sole general partner); or
  - Limited Liability Company (the CHDO or its wholly owned subsidiary must be the sole managing member).

# CHDO Changes

- If the LP or LLC agreement permits the CHDO to be removed as sole general partner or sole managing member, the agreement must require that the removal be “for cause” and that the CHDO be replaced by another IFA approved CHDO
- New requirement that CHDOs will only be certified by IFA for a specific project
- Consult with your syndicator concerning the impact of these new requirements

# Form of HOME Subsidy

- Structured as a loan
- Must be repaid
- Up to 30 year amortization
- Variable payments based on ability to pay
- 0% interest

# Affordability Periods

- HOME-assisted units have a mandatory affordability period based on the amount of HOME investment
  - 5 years for less than \$15,000 per unit
  - 10 years for \$15,000 to \$40,000 per unit
  - 15 years for more than \$40,000 per unit
  - All new construction will have an affordability period of 20 years

# Affordability Periods

- Enforced through covenants and restrictions
- If there has been a previous investment of HOME funds in a property, please contact IFA to determine if the property is eligible for additional HOME investment

# Income Eligibility

- 90% of the total households assisted must have incomes at or below 60% AMI
- In projects of five or more HOME-assisted units, at least 20% of the HOME-assisted units must be rented to those that are at or below 50% AMI
- All eligibility must be verified through source documents and recertified annually

# Acquisition and Relocation

Any project funded with HOME funds that will result in either the temporary relocation or permanent displacement of current tenants *must* comply with Iowa Finance Authority Relocation Assistance Policy and with all of the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).



# Lead Based Paint

- The HOME program is impacted by HUD's Lead Safe Housing Regulations.

- This legislation is formally known as:

“Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Final Rule” (24 CFR, Part 35)

# Lead Based Paint

- HUD has also issued “[interpretive guidance](#)” to Lead Safe Housing Regulations
- The applicability of the various subparts of this regulation will depend upon the type of activity you are undertaking
- In addition, all licensing, oversight and work requirements mandated by the Iowa Department of Public Health concerning lead-based paint must be satisfied

# Environmental

- **Completion** of the environmental review is required before you can incur or draw any funds for your project
- The environmental requirements and process for your project will lengthen the time before your project will be able to move forward

# Section 3

- Section 3 is only triggered when the normal completion of construction and rehabilitation projects creates the need for new employment, contracting, or training opportunities
- Applies to all recipients of HUD Community Planning and Development funding (including HOME) exceeding **\$200,000**
- Applies to any contractor or subcontractor that receives contracts in excess of **\$100,000**

# Section 3

- Projects must provide an acceptable Section 3 Plan of Action outlining their intentions to comply with the regulation
- Must also provide Section 3 report at project completion detailing the results of these efforts

# Questions?

- Written questions can be e-mailed to [Carolann.jensen@iowa.gov](mailto:Carolann.jensen@iowa.gov)
- Responses will be published on the IFA HOME website each Friday