



IOWA FINANCE
AUTHORITY

2015 LIHTC Online Application Training

Thursday, October 23, 2014

8:30 a.m. to 12:00 p.m.

AGENDA

- | | |
|---------------|---|
| 8:30 – 8:40 | Welcome & Introductions |
| 8:40 – 10:15 | Over of Application Features <ul style="list-style-type: none">• Granting Application Access• Copying an Application• Application Tabs• Error Identification• Scoring• Eligible Basis Boosts• Payment of Fees• Deficiency Report• Construction Tab (Post Award)• Requesting a Change in Application (Post Award) |
| 10:15 – 10:30 | Break |
| 10:30 – 12:00 | 9% Application Entries |

INTRODUCTION

2015 LIHTC Webpage Link:

<http://www.iowafinanceauthority.gov/Home/DocumentSubCategory/175>.

- Make sure to use this link to obtain current 2015 information.
- Page contains following Tabs:
 - Notices
 - Application
- QAP (QAP and Overview of Changes)
- Training (Guide & Q&A link)
- Exhibits
- Appendices
- HOME Threshold Items for Joint Review
- HOME Exhibits for Joint Review
- HOME Appendices for Joint Review

HELP

- 1) Qualified Allocation Plan (QAP)
- 2) Appendix A (Application Instructions)
- 3) Appendix B (MSA's & QCT's)
- 4) Appendix C (Links)
- 5) Appendix D (Unit Cost Caps)
- 6) Appendix K (Exhibit & Scoring Checklist)
- 7) Appendix L (Underserved Cities)
- 8) Home Rules
- 9) Training Guide

Training Guide A.3 & A.4. Online Application

Granting Application Access

- The user who creates the Application is the only user with rights to the Application unless access is granted to other users by the Application creator.
- Do not share usernames and passwords. This is for YOUR benefit so you can track who & when a change was made to the Application.
- If you have multiple users that will require access to your Application, each user will need a username & password. This can be requested through the Application link on the IFA website.
- More than one user can work in the Application simultaneously; however not on same Tab.

Training Guide A.3 & A.4. Online Application

Granting Application Access

- Before granting a user access, you need to understand the different types of roles IFA assigns users upon approval of the username.
- Each Applicant is ultimately responsible for all users for whom they grant access.
 - ✓ Guest (can modify application)
 - ✓ Reviewer (read-only)
 - ✓ Construction (read-only plus upload construction documents to Construction Tab)
- Most users are automatically provided a Guest role unless it is known ahead of time the user only needs read-only access – such as Public Information Requests or a Construction role.

Training Guide A.3 & A.4. Online Application

Granting Application Access

- To find out what role has been assigned before granting access to your Application, please contact me to see if the user has the appropriate role.
- To grant access, log into the Application & go to View on the tool bar, Select MYIFA Account from the drop-down, Authorized Users, select Add New Authorized User.
- The person will have access to ALL your Applications. Not just a specific Application.
- If access is needed for a specific Application, email me with the Project Name, the user, and what type of role is needed when access is granted..

Training Guide A.5. Online Application

Copying an Application

- A submitted Application from a prior year's allocation round may be copied to a 2015 Application or a 2015 Application can be created and copied to a 2015 Application.

*2015 Example: If the Project Team Members will be the same – enter all the Project Team information, then copy the application and rename it and then you could create 2 different applications without having to re-enter Project Team information. **Be sure to rename any copied application as it will always show “copy of” in the Project Name field.*

- All Applicants are solely responsible for reviewing any copied Application to ensure it is updated to reflect the current 2015 Project and meets the 2015 QAP requirements.

Training Guide A.7., B.1. – B.18. Online Application

APPLICATION TABS

- Training Guide A.7. – Listing of all tabs
- Training Guide B.1. – B.18. – Detail instructions on how to enter information into each tab

1. Project Name and Location Tab

- Enter Project Name, Jurisdiction information (more than 1 jurisdiction can be entered (if applicable – Scattered Sites)).
- Make sure the email to the CEO of the political jurisdiction is correct as once you submit the application, the system emails IFA's notification to the political jurisdiction which is an IRS requirement. If it bounces, we will be contacting you for correct information.
- Use the Reference on the page to obtain city information as needed.

APPLICATION TABS

2. Project Description

Page is mainly check boxes regarding Project & scoring elections.

- a). Project Type (NC, Rehab, Acq/Rehab, Adaptive Reuse or combination thereof)
- b). Credit Request:
 - i. State HOME or Senior Living Revolving Loan
 - ii. Set-Asides (Nonprofit, Preservation, Senior, and Rural)
 - iii. Federal Financing
 - iv. Minimum Set-Aside

APPLICATION TABS

- c). Other Elections (Scoring-related)
 - i. Waives Right to Qualified Contract (QAP 6.4.4)
 - ii. Great Places (QAP 6.2.2)
 - iii. Serves Lowest Income Residents (QAP 6.1.1)
 - iv. Market Rate Incentive (QAP 6.1.2)
 - v. Historic Project (QAP 6.3.2) (Exhibit 6S)
- d). Occupancy Type
- e). Location Near Services (Scoring-related) (QAP 6.2.1)
- f). Building Type (Relates to Exhibit 11T, and Building Exhibits)
- g). Ownership Type (Scoring Related) (QAP 6.1.4 & Exhibit 2S)
- h). Rental Assistance (Scoring Related) (QAP 6.3.3)(Exhibits 7T and 7S)
- i). Impact on the Environment (QAP 6.3.6)Exhibits 5B, 7B, 9B)

APPLICATION TABS

j). Energy Efficiency (Scoring-related) (QAP 6.3.7)

k). Overview of the Project

3. Targeting Plan

Contains mainly check boxes to state compliance with Targeting Plan, AFHMP, Held for Occupancy, Fair Housing, and Boarding Home Registration or if Project will be an Affordable Assisted Living Program/Facility

- Enter contact names and information for person responsible for preparing the Targeting Plan and answering IFA questions (new 2015)
- Enter contact names and information for person responsible for preparing the AFHMP and answering IFA questions (new 2015)

APPLICATION TABS

4. Site Description

Provide information regarding the site such as acreage, whether it is a Scattered Site Project, indicate availability of utilities with adequate capacity and infrastructure, relocation, demolition, site characteristics, and legal description of the site(s). Relates to QAP 3.4.5 – Site Visits, QAP 5.4 – Readiness to Proceed, QAP 5.3 – Location Requirements, QAP Section 5.5 – Displacement of Tenants, QAP Appendix I, and Building Exhibits.

- a). Site acreage, Scattered Site (Y/N), Market Area(s)
- b). Utilities and Infrastructure
- c). Demolition (If applicable – enter cost in Costs and Credit Calc.)
- d). Relocation (Shall require Exhibit 13T or H-24)
- e). Site Characteristics (Shall require 6Ba-c for any yes except for 2 – Flood Zone & Site in Wetland....)

APPLICATION TABS

5. Site Control Tab

- a). – c). Shall show the Ownership Entity has site control per QAP Appendix 1-A, whether there is an Identity of Interest between the Owner/Principal with the seller of the property. (Exhibit 2B shall be required if yes) Relates to QAP Sections 5.4.1.1, 5.4.1.2, Appendix 1-A, and Exhibit 1B.
- ✓ Note: If requesting points under Local Government Contribution, an appraisal for land and building listed in Exhibit 5S shall be provided no later than Application due date or no final points will be awarded.
- d). Ownership Type (fee simple, contract, option, lease)
- e). Acquisition/Rehabilitation Projects Only – enter requested amounts and ensure yes is marked that all of the buildings are currently under site control of the development or won't have site control.

APPLICATION TABS

6. Zoning

Provide zoning classification for the site(s), and if not properly zoned, then provide requested information and check the applicable boxes understanding that appropriate zoning is required by Carryover-10% Test should Project get an award and that if proper zoning isn't obtained, no substitution site shall be permitted. (Relates to Exhibit 7B and Appendix 1-B. and Appendix 1-C.)

7. Ownership Entity

Provide detailed information about the Ownership Entity, contacts, attendee at mandatory developer training, authorized signors, answer ineligibility-related questions, and whether there is an Identity of Interest between the Owner and the general contractor and builder. Relates to QAP Sections 3.4.6, 5.2, 5.4.1 -5.4.6.4.5., 4.6.2, Exhibits 1T, 3T's, 14Ta, 15Ta-c

APPLICATION TABS

7. Ownership Entity (continued)

There is one check box related to scoring – Title Guaranty (QAP Section 6.4.1) and check boxes that are QAP Requirements in 4.3.1 and 4.3.2 (Operating and Replacement Reserves), 4.10 (Section 811 PRA), 4.6.6 (Will not create a subrecipient of the Federal Historic Tax Credits to be eligible for more Tax Credits), 5.4.3 (CNA), 5.4.4 (Commitment to Notify PHA of Vacancies), 5.10 (Affirmative Fair Housing Marketing Plan – AFHMP), 5.14 (Iowa Housing Search), 5.15 (Lease Addendum), 5.16 (Targeting Plans), 5.17 (Tenant Selection Criteria), 8.10 (Annual Audited Financials), and Part B, 9.14.10 (Violence Against Women Act – VAWA).

APPLICATION TABS

8. Project Team Tab

Provide all information for all entities/individuals that will be part of the Project Team – not just the mandatory team members. If a member type is not listed in the drop-down, select Other. Applicant shall disclose all Project Team members and any Identity of Interest in the Application. Relates to QAP Sections 3.4.4, 3.4.6, 5.4.2, 5.4.1 – 5.4.6.4.5, 4.6.1, 4.6.4, 4.6.5, 6.and 6.4.3, Exhibits 1T, 6Ta, 4T's, 9T, 14Tb-f, 15Ta-c, and 1SA-5SA.

- Refer to training guide Section B.8.

APPLICATION TABS

9. Nonprofit (New 2015)

Required to be completed if a materially participating qualified Nonprofit will have ownership interest in the Project OR if the Nonprofit Set-aside will be requested. Relates to QAP Sections 2.2.1, 3.4.4, 4.4.1, 4.6.4, 5.4.2, 5.4.1 – 5.4.6.5, and Exhibits 1SA-5SA.

- If requesting the Nonprofit Set-Aside, the fully completed tab and Exhibits 1SA-5SA shall be provided no later than November 7, 2014. Refer to QAP Section 1.
- Written notification of approval or denial shall be emailed to Applicants submitting the request no later than November 7th.

APPLICATION TABS

10. Project Amenities

Consists mainly of check boxes to elect scoring points for Market Appeal (QAP 6.3.1) and Construction Characteristics (QAP 6.3.4) and other site and unit amenities. Relates also to QAP Appendix 1.

- Shall enter a current description of the property use.
- Refer to Appendix A – Application Instructions and Appendix K – Exhibit and Scoring Checklist regarding amenities being shown on the site plans and listed in the plans and specifications and scope of work (if applicable).

APPLICATION TABS

11. Buildings

A lot of information is entered in this tab. Refer to training guide, B.11. Overview of information to be entered is:

- Identifying the Project's Primary Address
- Identifying whether building has been part of an existing LIHTC Project.
- Type of Building
- Acquisition Date & Construction Date (if applicable)
- Anticipated Placed-in-Service date
- Whether the building has been determined eligible for the National Register of Historic Places
- Common and Commercial space square footage
- Elevators (# of), # of Stories
- Olmstead Goals (Accessible Units exceeding IFA's minimum requirements)

APPLICATION TABS

11. Buildings (continued)

- Identification if HOME (if applicable) Units are fixed or floating.
- Utilities
- Units
 - ✓ When entering Units, enter the AMI, type, bedroom size, square footage (don't include garage space), Monthly Rent (utility allowance will populate from Building Section), and whether a HOME Unit.
 - ✓ If multiple Units that are exactly the same type (rents, square footage, Accessibility Type), enter # of Units to enter and that's how many the Application will generate.
 - ✓ # of Accessible Units shall match # entered on Building Tab or an error will result.

APPLICATION TABS

11. Buildings (continued)

Relates to several QAP Sections, but pay close attention to the information entered for scoring-related items and the Basis Boost (QAP 7.2.1, 7.2.2, 7.2.3.1 and 7.2.3.2):

- Olmstead Goals (QAP
- Historical Significance (QAP 6.3.2)
- Serves Lower Income (QAP 6.1.1)
- Market Rate Incentive (QAP 6.1.2)
- Serves Tenant Population of Individuals with Children (QAP 6.1.3)
- Provides an Opportunity for Home Ownership (QAP 6.1.4)

APPLICATION TABS

12. Funding Sources

Provide information on HOME debt, equity pricing, Local Government Contribution (QAP Section 6.2.3 and Exhibit 5S), and Funding Sources (QAP Section 4.1.4, 4.1.5, 4.4.1, 4.5.1, 4.5.2, 4.5.3, 4.7.1, Exhibits 5T, 6T, 6Ta, and 10T)

- Equity price shall match Exhibit 10T and can't be changed during the deficiency period unless requested by IFA. (QAP 5.1)
- The minimum \$100 General Partner Contribution is already included in funding sources in the Application. (QAP 4.7.1)
- If electing points of Developer/Owner Cash Contribution (QAP 6.4.2), enter as a funding source and provide Exhibit 6T – Commitment.

Training Guide A.7., B.1. – B.18. Online Application

APPLICATION TABS

13. Costs and Credit Calc.

Enter all Project Costs in applicable columns (30% or 70%) and categories. Limit the use of costs classified as other. Anything in other shall be explained in detail or will be requested during the deficiency period.

- If the Project has to construct a paved road, the cost shall not be included in the Project costs, and the construction of the paved road shall be completed prior to the issuance of IRS Form 8609. Refer to QAP Appendix 1-D.
- If utilities are not available to the site on the date the Application is submitted, the Applicant shall supply adequate evidence that demonstrates that the utilities will be available by construction start. This evidence shall include the appropriate funding source the Applicant will utilize for the utility extension(s). Any charges for the extension of services that are not normal extensions may not be included in Eligible Basis. Utilities shall be available at the site prior to issuance of IRS Form 8609. Refer to QAP Appendix 1-E.

APPLICATION TABS

13. Costs and Credit Calc. continued.

At threshold and carryover, Projects shall be underwritten at 7.6% (70% column) and 3.30% (30% column). If awarded, the Owner shall elect the date for establishing the applicable percentage (PIS or date of Carryover Agreement) that will be used for the final Project underwriting at 8609.

- Increases in Eligible Basis (if eligible) will be shown in line items called Adjustment for QCT, Adjustment for Non-MSA, or Adjustment for Serving Lower Incomes.
- Make sure the application fees, including the reservation fee are listed correctly.
- Credits will be determined as of the lesser of Eligible Basis Calculation or Equity Gap (shown at bottom of page).

APPLICATION TABS

13. Costs and Credit Calc. continued.

- Developer and Consultant Fees shall meet the requirements of QAP Sections 4.6.1 and subject to IFA review. These shall be listed on the Financial Feasibility Tab. (QAP Sections 4.6.3, 4.6.5)
- Builder and General Contractor Fees shall be 12% of Hard Construction Costs unless there is an Identity of Interest between the Owner, the builder and general contractor. The limit shall then be 10%. These shall be listed on the Financial Feasibility Tab. (QAP 4.6.2)
- Construction Contingency shall meet the requirement listed in QAP Section 4.7.2. This will be listed on the Financial Feasibility Tab.
- Unit Cost Caps, LIHTC per Unit Costs caps shall be complied with. These shall be listed on the Financial Feasibility Tab. (QAP Sections 4.9, 4.9.1 and Appendix D)

APPLICATION TABS

13. Costs and Credit Calc. continued.

No allocation shall be more than \$1,200,000 in Tax Credits to Projects being developed by a single Developer (QAP 2.3.1) and the maximum Tax Credit amount that shall be award to any one Project is \$800,000. (QAP 2.3.2)

APPLICATION TABS

14. Projected Operating Costs

- ✓ Enter the projected operation costs in Section I – IV for Year 1.
- ✓ Property taxes shall be entered separately for Years 2-15 and shall show escalation.
- ✓ If electing points for Video Security System, Medical Alert System, or Free Internet Connectivity, list applicable expenses.
- ✓ Operating costs shall meet the QAP requirement listed in Section 4.2.1 and 4.2.2. (Shall be shown on Financial Feasibility Tab)
- ✓ Replacement Reserves shall meet the QAP requirement listed in 4.3.2. (Shall be shown on Financial Feasibility Tab).

APPLICATION TABS

15. Projected Cash Flow

Provide the income and expense inflator permitted in QAP Section 4.1.1, the vacancy rate (QAP 4.1.2), and enter any operating income separate from monthly rent.

- If the Project receives tax abatement, enter the amount of net taxes which could be zero. The Debt Service Coverage Ratio shall still be met.
- Debt Service from Funding Sources shall populate to the bottom of this tab.
- Ratios for Net Cash Flow and the Debt Coverage Ratio (DSCR) shall populate as well. Refer to QAP Section 4.1.3 for DSCR requirements. (DSCR shall be shown on the Financial Feasibility Tab)

APPLICATION TABS

16. Financial Feasibility

Provides an overview of all of the financial requirements listed in the QAP.

- Enter explanation on how the replacement reserves will be escrowed and used only for the replacement of capital components of the project.
- Enter explanation on how the operating reserve will be established.

APPLICATION TABS

17. Scoring

Preliminary points will be shown based on information entered into each Application Tab. The preliminary score is not guaranteed to be the final score IFA awards to the Project.

- ✓ Review each preliminary scoring point shown for accuracy and ensure the points elected reflect the Applicant's intended elections from Application entries. If ok, check the box accepting the scores. If not, correct Application. If believe error in the Application coding, contact IFA PRIOR to submission.
- ✓ Project will be held to all scoring elections if awarded Tax Credits.

APPLICATION TABS

18. Exhibits

The Exhibit Checklist is generated by the Application based on QAP requirements and Application entries.

- Upload all Exhibits shown in the Exhibits Checklist.
- If an Exhibit is shown that isn't correct, read the description and go back to the Application to see if a data entry error was made. If not, you may contact IFA for assistance PRIOR to submitting the Application.

APPLICATION TABS

19. HOME Requirements (only if requesting State HOME)
Read the requirements and check the box stating Applicant agrees to comply with the listed requirements.
20. HOME (only if requesting State HOME)
Entry of HOME information is required. Refer to training guide B.20 for further details.
21. HOME Overview (only if requesting State HOME)
No entry is required, but review the information for accuracy.
22. HOME Unit Analysis (only if requesting State HOME)
No entry is required. Shall show the calculation of the maximum HOME investment based on information in the Application and the HOME Tab.

APPLICATION TABS

23. Fees

Upon threshold application submission, the system will provide a notification that an application fee of \$ (Amount) and a market study fee of \$ (Amount) is due upon submission and requires Applicant to select payment method (credit card or e-check) and enter remaining payment fields depending on type of payment method selected. Fees are listed in QAP 3.4.7.

- a) If credit card is selected will need to mark then first and last name, billing information, card type, card number, and csv needs entered.
 - Once entered, select button, “Complete Application Submission.”

APPLICATION TABS

23. Fees

b) If e-check is selected, then enter the account type, account number (must enter twice), routing number.

- Once this information is entered, select button – “Complete Application Submission.”

24. Overview

Provides a listing of various information from all Application Tabs so a user can just refer to one tab to retrieve specific Project Information.

- ✓ Address, occupancy type, rental assistance or federal financing
- ✓ Market Study Report (after March 2015 awards)
- ✓ Award \$
- ✓ Project Team and Ownership Information
- ✓ Building/unit information
- ✓ Total Development Costs

Error Identification

The QAP requirements have been coded into the Application and some tabs are linked so even though all information may be entered correctly in one tab, the red X will not clear until the information has been entered into the linked tab.

Examples:

Site Control and Ownership Entity

Project Description and Buildings

Project Amenities and Projected Operating Costs

Financial Feasibility and Costs and Credit Calc.

Site Control and Buildings and Project Description

Error Identification

To find out existing errors in the Application, click on the submit button. An error list shall be provided.

- ✓ When a tab is completed correctly, consistently with any linked tab, and saved, a green checkmark will appear. If no errors when submit is clicked, but a red X remains on a tab, go back to that tab and save it and see if a green check mark appears. If not, please contact Stacy Cunningham.
- ✓ If the error isn't understood, please refer to the QAP and the training guide before contacting IFA.
- ✓ You may contact Stacy for technical assistance with the Application until the Application is submitted.

Eligible Basis Boosts

QAP Sections

- 7.2: No Project shall receive more than a 30% increase in Eligible Basis and will not receive more than \$800,000 in an award of Tax Credits.
- 7.2.1: 30% increase for location in a QCT. (Appendix B)
- 7.2.2: 15% increase for location in a Non-MSA City or County
- 7.2.3: Special Considerations for Projects Serving Lower AMIs. Applicants electing points under Section 6.1.1 shall qualify for the following:
- 7.2.3.1 – Projects that provide 30% of the Units serving tenants with incomes at 40% or less AMI shall qualify for a 15% increase in Eligible Basis.
 - 7.2.3.2 - Projects that provide 10% of the Units serving tenants with incomes at 30% or less AMI shall qualify for a 15% increase in Eligible Basis. These Units shall be in addition to any Units selected for the 40% AMI or less.

Eligible Basis Boosts

Applying the Boost

1. If a Project is in a QCT, the 30% Boost will be applied even if the Project qualified for another QAP boost category. 30% is the max.
2. If a Project is not in a QCT, but is in a Non-MSA City or County, the 15% boost shall be applied.
3. If a Project is in a Non-MSA City or County and qualifies for 7.2.3.1 or 7.2.3.2, then a 30% boost shall be applied.
4. If a Project is not in a QCT or Non-MSA City or County and qualifies for a boost under 7.2.3.1 or 7.2.3.2 or BOTH, then the boost shall be applied accordingly.
 - 7.2.3.1 – Projects that provide 30% of the Units serving tenants with incomes at 40% or less AMI shall qualify for a 15% increase in Eligible Basis.
 - 7.2.3.2 - Projects that provide 10% of the Units serving tenants with incomes at 30% or less AMI shall qualify for a 15% increase in Eligible Basis. These Units shall be in addition to any Units selected for the 40% AMI or less.

Deficiency Report

Once IFA has completed the initial evaluation of the threshold application, an email notification will be generated advising the Owner of the deficiency report in and the timeframe to provide the response and resubmit the Application to IFA.

- Deficiency Report will be shown in the Application.
- Scoring items are not correctable and shall not be included in the deficiency report. Applicant shall not change any scoring item to improve or maintain its preliminary score as of the date the Application was initially submitted.

Change in Application and IFA Approval to use Construction Contingency

Online Application
QAP Sections 4.7.2, 8.2.1, 8.2.2
and 8.8
Training Guide M.

The 2015 QAP requires an Applicant to request IFA approval for use of the construction contingency for items that were not initially in the Scope of Work. To do this, a change in application shall be submitted to IFA. If the **only** change is a request for IFA's approval of use of the construction contingency, no change in application fee will be charged.

All other permitted QAP changes shall result in the change in application fee being charged and paid at submission.

BREAK TIME



Application Entry

- 1). Log in to the Online Application.
- 2). Everyone should see a Training Application with their name on it.
- 3). Some Application information has been pre-entered. There are 5 errors in the Application that you should be able to identify and correct. If not, we will discuss towards the end of the training session.
- 4). Your remaining task is to finish entering the Application and clearing all red x's, excluding the Nonprofit Tab.
 - Must do it according to the information in the Project Sheet in your folder & you have 1 hour (if we are on-time) to complete this task.
 - Feel free to ask me questions if you get stuck or have computer issues.