



**2016-2017**

**LOW INCOME HOUSING TAX CREDIT  
QUALIFIED ALLOCATION PLAN**

**STATE OF ILLINOIS**

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## I) Definitions

The following capitalized terms used in this QAP shall have the following definitions:

**“42(m) Letter”** shall mean the letter from the Authority to an Owner evidencing that a Project being financed with the proceeds of tax-exempt bonds satisfies the requirements of the QAP and Section 42(m)(1)D of the Code.

**“8609”** shall mean IRS Form 8609.

**“Affirmative Fair Housing Marketing Plan”** shall have the meaning set forth on page [insert page].

**“Abandoned and Foreclosed Single Family Housing”** shall mean a single structure containing from one (1) to six (6) connected units under a common roof:

In which the mortgage or tax payments are at least 90 days delinquent, or

- For which a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notifications of the deficiencies; or
- That is subject to a court-ordered receivership or nuisance abatement related to abandonment pursuant to state or local law; or
- For which foreclosure proceedings have been initiated; or
- For which foreclosure proceedings have been completed and title transferred to an intermediary aggregator or servicer that is not an end user.

**“Allocation”** shall mean the award of Tax Credits to a Project pursuant to Section 42. An Allocation may be made pursuant to a Carryover Allocation Letter or the issuance of IRS Form(s) 8609.

**“American Community Survey”, (“ACS”),** shall mean the U.S. Census Bureau; American Community Survey, 2012 American Community Survey 5-Year Estimates.

**“Architect of Record”**, shall mean the architect licensed by the State who has the contract responsibility for the Project, who designs and prepares the construction documents from which the building is constructed, and who signs the required documents.

**“Area Median Income”, (“AMI”)** shall mean the median income of the County in which the Project is located, or the metropolitan statistical area of Chicago, or the metropolitan statistical area of St. Louis, adjusted for family size, as such adjusted income and median income for the area are determined from time to time by HUD for purposes of Section 8 of the United States Housing Act of 1937.

**“Application”** shall mean an entire set of required and requested documents, in paper and electronic form, as prescribed in this QAP and submitted by a Sponsor to the Authority.

**“Authority”** shall mean the Illinois Housing Development Authority.

**“Board”** shall mean the Members of the Authority.

**“Boost”** shall mean up to a thirty percent (30%) boost to the eligible basis of the Project.

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**“Carryover Allocation”** shall mean the Allocation for a Project which is not expected to be Placed in Service in the year of the initial Allocation, made pursuant to the provisions of Section 42(h)(1)(E) of the Code.

**“Carryover Allocation Letter”** shall mean the written documentation from the Authority to an Owner making a Carryover Allocation for that Owner's Project.

**“Cash Flow after Debt Service”** shall mean the difference of the Project’s net operating income and total debt service exclusive of cash flow notes.

**“Code”** shall mean the Internal Revenue Code of 1986, as amended, and the regulations, notices, revenue rulings and other official pronouncements promulgated under it, all as they may be amended from time to time.

**“Common Application”** shall mean the electronic document of the same name published by the Authority and used in the collection and analysis of information regarding the Project.

**“Community Revitalization Effort” definitions** The following lettered definitions are associated **ONLY** with Community Revitalization Effort in Scoring Section XIV C 2)b) of the QAP.

- a) **“Community Revitalization Effort”** shall mean a deliberate, concerted, and locally approved plan or documented interconnected series of local approvals and events intended to improve and enhance specific aspects of a Community (defined below). Please note: A locally approved plan is the preferred documentation, but because formalized plans are beyond the capabilities of all municipalities in the state, well-documented efforts taking place outside of formalized plans will also be considered.
- b) **“Community”** shall mean the Project area for a Community Revitalization Effort. An area of a pre-designated size that is larger than a parcel, PUD, or subdivision, but small enough that one municipality or county (or a small conglomerate of municipalities or counties) can have jurisdiction over it. A Community can also align with an existing Community Development Block Grant (CDBG) Target Area, Neighborhood Strategy Area (NSA), or Community Revitalization Strategy Area (CRSA).
- c) **“Affordable Housing”** – For the purposes of Community Revitalization Effort Section XIV C2)b) only, the term “Affordable Housing” is defined by one of the following criteria:
  - Rent restricted rental units (legally restricted via use of programs such as Low-Income Housing Tax Credits, HOME, Housing Trust Funds, etc) where rent is restricted to levels affordable to households earning under 30%, 50%, 60%, or 80% of the Area Median Income;
  - Rent subsidized rental units (examples of rental subsidies are Project Based Rental Assistance, Project Based Vouchers, Housing Choice Vouchers, Section 811, and Rental Housing Support Program);
  - Affordable homeownership programs, including the use of subsidized mortgage credit certificates, mortgage revenue bonds, or down payment assistance that are limited to households earning less than 120% of Area Median Income.

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**“Compliance Period”** (notwithstanding Section 42(i)(1) of the Code) means the period of 15 consecutive taxable years beginning with the first taxable year of the Credit Period.

**“Conditional Allocation”** shall mean an Allocation of Tax Credits to a Project that remains subject to conditions prior to the issuance of IRS Form(s) 8609.

**“Consolidated Plan”** shall mean a HUD approved 3- to 5-year plan, or Annual Action Plan, describing the jurisdiction’s community development priorities and multiyear goals based on an assessment of housing and community development needs, an analysis of housing and economic market conditions and available resources.

**“Credit Ceiling”** shall mean the amount of Tax Credits available for Allocation by the Authority for any calendar year, as provided in Section 42.

**“Credit Period”** shall mean with respect to any building in a Project, the period of ten taxable years beginning with the taxable year in which such building is Placed In Service or, at the election of the Owner, the following taxable year.

**“Debt Service Coverage Ratio”** shall mean the quotient of the Project’s net operating income and total debt service exclusive of cash flow notes.

**“Demand Responsive Transit”, (“DRT”)** shall mean shared use transit service operating in response to calls from passengers or their agents to the transit operator, who schedules a vehicle to pick up the passengers to transport them to their destinations. The vehicles do not operate over a fixed route or on a fixed schedule. Also known as Dial-a-Ride.

**“Determination”** shall mean the specific amount of Tax Credits determined for a Project, as evidenced by a Determination Letter, which the Authority may allocate to the Project.

**“Determination Letter”** shall mean the letter from the Authority to an Owner evidencing that a Project applying for a 42(m) Letter satisfies the requirements of the QAP and Section 42(m)(1)D of the Code, if undertaken in the manner stated in the Application, and outlining the requirements which must be met in order to receive a 42(m) Letter.

**“Elderly”** shall mean housing (i) intended for, and solely occupied by, persons age 62 or older; or (ii) intended and operated for occupancy by at least one person age 55 years or older per unit, and at least 80% of units within the Project are so occupied, when such housing also provides Elderly Services, as defined herein; or (iii) provided for under any state or federal program that HUD has determined is specifically designed and operated to assist elderly persons (as defined in the state or federal program).

**“Elderly Services”** shall mean two or more of the following: social and recreational programs, continuing education, information and counseling, recreation, homemaker, outside maintenance and referral services, an accessible physical environment, emergency and preventive health care programs, congregate dining facilities, transportation to facilitate access to social services and facilities available to them.

**“Extended Use Agreement”** shall mean the agreement executed by and between the Authority and the Owner, which is binding upon the Owner and all successors to the Owner, and which requires that the Project comply with the requirements of Section 42, the QAP, the Application and the Authority.

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**"Extended Use Period"** means the period beginning with the first day of the Compliance Period and ending on the date which is 15 years after the end of the Compliance Period unless otherwise indicated in the Extended Use Agreement or unless terminated in accordance with the Extended Use Agreement.

**"Extremely Low Income"** shall mean a household income that falls at or below thirty percent (30%) of the AMI for the area in which a Project is located.

**"HUD"** shall mean the United States Department of Housing and Urban Development

**"IAHTC"** shall mean Illinois Affordable Housing Tax Credits, or state donation tax credits.

**"Identity of Interest"** shall mean the existence of any of the following conditions:

- When one or more of the officers, directors, stockholders, members, or partners of the Owner is also an officer, director, stockholder, member, or partner of any other Participant;
- When any officer, director, stockholder, member or partner of the Owner has any financial interest whatsoever in any other Participant;
- When any Participant advances any funds to the Owner;
- When any Participant provides and pays, on behalf of the Owner, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by any other Participant in connection with its obligations under its contract with the Owner;
- When any Participant takes stock or any interest in the Owner entity as part of the consideration to be paid him/her;

**"IRS"** shall mean the Internal Revenue Service

**"Low Income"** shall mean a household income that is less than or equal to 60% of the AMI for the area in which a Project is located.

**"Material Participation"** shall mean the regular, continuous and substantial involvement in the operation of the development throughout the Compliance Period, as defined in Section 469(h) of the Code and the regulations promulgated under the Code, codified at 26 CFR § 1.469-5T.

**"Opportunity Area"** shall have the meaning set forth in Scoring Section XIV C2)a) of the QAP.

**"Owner"** shall mean the single purpose entity, organized under the laws of the State of Illinois, or any other state, that is awarded Tax Credits for a Project pursuant to this QAP and which owns or will own the Project. The Owner shall be owned or controlled by the Sponsors.

**"Participant"** shall mean a member of the Project's development team, including Sponsor, general contractor, architect, and property manager.

**"Permanent Supportive Housing"** shall mean a Project with a preference or restriction for Supportive Housing Populations that includes supportive services that helps people live stable, successful lives. Supportive services must be appropriate to the needs and preferences of residents, available either on-site or closely integrated with the housing, the acceptance of which is not a condition of tenancy,

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**“Placed in Service”** shall have the following meaning, based on the Project type:

- New construction Projects: A building is determined to be Placed in Service when the first unit is ready for occupancy.
- Rehabilitation Projects: The Placed in Service date for a rehabilitation building is the date established by the Owner at the end of any 24-month period within which the Tax Credit rehabilitation expenditure threshold (the greater of \$3,000 per Low Income unit or ten percent of acquisition cost) has been satisfied.
- Acquisition Projects: An existing building is normally Placed in Service upon acquisition. However, if the building is not in habitable condition, it will not be Placed in Service until restored. Note, however, that even though an occupied building is Placed in Service when it is acquired, its Credit Period cannot begin until the beginning of the Credit Period for the related rehabilitation expenditures.

**“Preliminary Project Assessment” “PPA”** shall mean an entire set of required and requested documents for a Site, market and project review, in paper and electronic form as prescribed in the QAP and the Website.

**“PHA”** shall mean the Public Housing Authority whose jurisdiction includes the Project.

**“Project”** shall mean an existing or proposed qualified Low Income housing project, as defined in Section 42, that satisfies, or will satisfy, all of the requirements of the QAP and the Authority.

**“QAP”** shall mean this Low Income Housing Tax Credit Qualified Allocation Plan, as required under Section 42.

**“Qualified Contract”** shall mean a bona fide contract to acquire the Project as defined in Section 42(h)(6)(F) of the Code and subject to the provisions of the Code.

**“Qualified Non-Profit Corporation”** shall mean a corporation which is not affiliated with or controlled by a for-profit corporation, has an ownership interest in the Project either directly or through a wholly-owned subsidiary, and has as one of its exempt purposes the fostering of low-income housing within the meaning of Section 42(h)(5)(C)

**“Reservation”** shall mean the specific amount of Tax Credits reserved for a Project, as evidenced by a Reservation Letter, which the Authority may allocate to the Project.

**“Reservation Letter”** shall mean the letter from the Authority to an Owner conditionally binding the Authority to make an Allocation of Tax Credits in a specific amount for that Owner’s Project.

**“Revitalization Plan”** shall mean a concerted plan for comprehensive community redevelopment that includes housing policy goals, and may also include education, public infrastructure, and employment and job training.

**“Section 42”** shall mean Section 42 of the Code and the regulations and revenue rulings promulgated under it, all as they may be amended from time to time.



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**“Site”** shall mean a parcel of land on which the Project will be developed, described by a unique legal description which will be encumbered by the Extended Use Agreement. A Project may consist of multiple Sites.

**“Supportive Living Facility” or “SLF”** shall mean a residential setting that meets the requirements of Subpart B of 89 Illinois Administrative Code 146, or the Comprehensive Care in Residential Settings Program.

**“Sponsor”** A duly formed, validly existing entity, organized under the laws of the State of Illinois, or any other state, that is applying for Tax Credits for a Project pursuant to this QAP. The Sponsor shall control the Owner of the Project and shall not be a single purpose entity. Project consultants and other like professionals shall not be considered as Sponsors.

**“State”** shall mean the State of Illinois.

**“Statewide Referral Network”** shall mean a statewide referral process that links Supportive Housing Populations with available Statewide Referral Network Units. The Statewide Referral Network is a collaboration between the Authority, the Illinois Department of Human Services, the Illinois Department on Aging, the Illinois Department of Healthcare and Family Services, and local social service providers. Households referred through the Statewide Referral Network process may or may not be in need of long-term social services. It is expected that referrals in-need of on-going social services will have them arranged by the referring service provider.

**“Statewide Referral Network Units”** shall mean units for households earning at or below 30% of Area Median Income (AMI) which are referred through the Statewide Referral Network or its successors and which may include Supportive Housing Populations. For existing properties, units must be vacant and not subject to an existing wait list.

**“Supportive Housing Populations”** shall mean households headed by person(s) with any type of disability, households that are homeless or at-risk of homelessness, households that need access to supportive services in order to maintain housing, transition aged youth with Department of Children and Family Service involvement, or households meeting the definition of homeless or homeless at-risk under the HEARTH Act. This definition specifically includes Class Members in Williams v. Rauner, Colbert v. Rauner, and Ligas v. Norwood.

**“Tax Credits”** shall mean federal low income housing tax credits, as authorized by Section 42.

**“Ten Percent Test”** shall mean ten percent (10%) of the reasonably expected basis, as defined in Section 42.

**“TRACS” Tenant Rental Assistance Certification System** shall mean the HUD computer system developed to help improve financial controls over assisted housing programs by automating manual procedures and incorporating automated controls.

**“Unit”** means any accommodation containing separate and complete facilities for living, sleeping, eating, cooking, and sanitation (e.g., a residential dwelling consisting of one apartment, one single

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family home, one half of a duplex, etc.). Such accommodations may be served by centrally located equipment such as air conditioning or heating.

**“USDA-RD”** shall mean the U.S. Department of Agriculture – Rural Development.

**“Waiver of 4% Feasibility”** shall mean the document provided by the Authority for developments which have met the requirements set forth in Section VII.B. of the QAP.

**“Website”** shall mean <http://www.ihda.org/>

## II) General Provisions

### A) Changes to QAP

The Authority reserves the right to amend, modify, withdraw or update provisions of the QAP, including attachments, at any time to administer the Tax Credit program.

If any part of this QAP is determined not to be in compliance with Section 42 or any other applicable codes or statutes, only that non-compliant part shall be considered as being out of compliance with Section 42 and the remainder of the QAP shall remain in effect.

### B) Authority Rights

The Authority reserves the right to limit the number of 9% Tax Credit Reservations for Rental Assistance Demonstration Projects to one (1) per Set-Aside per year.

The Authority reserves the right to make Tax Credit Reservations in an amount above 1,500,000 per Project.

The Authority reserves the right to limit the number of Projects recommended for Tax Credits in any set-aside, as defined in Section V) Credit Ceilings and Set-Asides.

The Authority reserves the right to limit the number of Projects recommended for Tax Credits for any given Sponsor.

The Authority reserves the right to limit the number of Projects recommended for Tax Credits in any area where the Authority has previously allocated resources.

The Authority reserves the right to make Tax Credit Reservations from the upcoming calendar year Credit Ceiling (a "Forward Reservation") under this QAP.

The Authority reserves the right to verify any information submitted in an Application.

The Authority may review local and/or state analysis of impediments to fair housing prepared in connection with federal funding programs and reserves the right to prioritize Applications which evidence opportunities to affirmatively further fair housing.

In keeping with the State's Comprehensive Housing Planning Act (310 ILCS 110), the Authority may issue a Reservation to a Project(s) selected by the Authority in response to a Notice of Funding Availability (NOFA) issued by the Interagency Subcommittee of the Illinois Housing Task Force. The amount reserved will not exceed ten percent (10%) of the total Authority Credit Ceiling. Any Project recommended by the Interagency Subcommittee must meet the requirements of this QAP, excluding the Scoring Categories section.

### C) Authority Limitations

The Tax Credit program is a regulated and highly complex program. Final interpretations of certain rules and regulations governing various aspects of the program have not been issued. As such, additional requirements or conditions applying to the Tax Credit program may be forthcoming.

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It is the responsibility of the Owner to be knowledgeable of Section 42 of the Code, regulations and administrative documents (rulings, notices, and procedures), and all relevant materials published by the IRS.

It is strongly suggested that prospective Owners interested in the Tax Credit program contact their tax accountant and/or attorney prior to the development of Projects under the Tax Credit program. While the Authority will assist those applying for an Allocation of Tax Credits, the Authority will not provide tax or legal advice.

The Authority's review of an Application is solely for its own purposes, and the Owner of a Project may not rely upon the Authority's review as evidence of such Project's compliance with federal or State law. The Authority's Allocation of Tax Credits for a Project shall not constitute a representation or warranty that the Project complies with Section 42 or any other laws and regulations governing Tax Credits. The Owner is responsible to ensure that the Project complies with all such laws and regulations.

**D) Title VIII of the Civil Rights Act of 1968**

Title VIII of the Civil Rights Act of 1968, as amended (Fair Housing Act), prohibits discrimination in the sale, rental, or financing of dwellings and in other housing-related activities on the basis of race, color, religion, sex, disability, familial status, or national origin.

HUD, to which Congress gave the authority and responsibility for administering the Fair Housing Act and the power to make rules implementing the Fair Housing Act, has long interpreted the Fair Housing Act to prohibit housing practices with a discriminatory effect, even where there has been no intent to discriminate.

**E) Application Disclosures**

**1) Limitation of Acceptance of Submission**

Acceptance of a Preliminary Project Assessment or Application shall not be construed to be a representation or warranty by the Authority as to the feasibility, viability, or lack thereof, of any Project.

**2) Sharing of Information with Third Parties and Governmental Entities**

The Authority shall have the right at any time without any further consent from, or notice to, the Owner, or any other party, to discuss or communicate and disseminate any information concerning the Owner or the Project with any third party, including, without limitation, any general or limited partner, member, or shareholder of the Owner or any entity or individual comprising any part of Owner's ownership structure, any party providing any funds to or on behalf of the Owner or Project, the IRS, or any other governmental entity.

**3) Disclosure of Information Pursuant to the Illinois Freedom of Information Act**

The Application is subject to the Illinois Freedom of Information Act (5 ILCS 140) and all or part of such submission may be open to public inspection or copying. Any claim that the information submitted is exempt from disclosure must (i) be made as part of the submission; (ii) identify the information alleged to be exempt; (iii) reference the specific statutory basis for the claimed exemption; and (iv) provide an explanation as to why the information meets the requirements of the exemption. The Authority will determine whether such exemption applies.

**4) Notification of Elected Officials**

Upon receipt of an Application, the Authority will send notification letters to publicly elected officials and agencies. In the event the notification letters generate questions or comments, the Project Owner may be required to respond.

### **III) Introduction**

#### **A) Purpose of the QAP**

The Tax Credit program was created by the United States Congress in 1986 to promote the development of affordable housing for low income individuals and families. The IRS regulations for the Tax Credit program are found under Section 42 of the Code of 1986, as amended.

The Authority is an allocating agency for the Tax Credit program in the State. Pursuant to Section 42 of the Code, the QAP describes criteria the Authority considers in evaluating Projects applying for an Allocation of Tax Credits.

The QAP addresses the process for obtaining Tax Credits either through the issuance of a 42(m) Letter for Projects financed through the issuance of tax-exempt bonds (4% Tax Credits) or through the competitive selection process (9% Tax Credits).

#### **B) Code Required Selection Criteria, and Preferences**

Section 42(m) of the Code requires the Authority to include the following Project selection criteria in the QAP:

- Project location
- Housing need characteristics
- Project characteristics, including whether the Project involves the use of existing housing as part of a Revitalization Plan
- Sponsor characteristics
- Tenant populations with special housing needs
- Public housing waiting lists
- Tenant populations of individuals with children
- Projects intended for eventual tenant ownership
- The energy efficiency of the Project
- The historic nature of the Project

Section 42(m) of the Code requires the Authority to give preference in allocating Tax Credits to:

- Projects serving the lowest income tenants
- Projects obligated to serve qualified tenants for the longest periods
- Projects which are located in qualified census tracts and the development of which contribute to a Revitalization Plan

### **C) State Comprehensive Housing Planning Act**

The State's Comprehensive Housing Planning Act (310 ILCS 110), established the first statewide comprehensive housing initiative and appointed the Housing Task Force to improve the planning and coordination of the State's housing resources. The following six (6) underserved populations were identified:

- Low-income households (with particular emphasis on households earning below 30% of Area Median Income)
- Low-income seniors
- Low-income persons with disabilities
- Homeless persons and persons at-risk of homelessness
- Low- and moderate- income persons unable to afford housing near work or transportation
- Low-income persons residing in existing affordable housing that is in danger of being lost or becoming unaffordable

### **D) Authority Priorities**

The mission of the Authority is to finance the creation and the preservation of affordable housing throughout the State in order to increase the supply of decent and safe places for people of low or moderate means to live.

Multiple Authority priorities are contained within the scoring criteria set forth in the Scoring section of this QAP.

### **E) Affirmatively Furthering Fair Housing**

It is the policy of the Authority to administer the Tax Credit program affirmatively, as to achieve a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion, sex, disability, familial status or national origin. As discussed in more detail in Section IX, each Sponsor shall pursue affirmative fair housing marketing policies in soliciting tenants and outreaching to underserved populations and those least likely apply to reside in completed Tax Credit units.

## IV) Tax Credit Information

### A) Tax Credit Calculation

Section 42(m) of the Code requires the Authority to ensure the amount of Tax Credits allocated to a Project does not exceed the amount necessary to assure Project feasibility.

The Authority will review the amount of Tax Credits a Project is eligible to receive using both the qualified basis method and equity gap method.

See Sample Calculation of Both Methods on the Website for an example.

The Authority review of the amount of Tax Credits will be ongoing from Application through the issuance of 8609 and may result in a reduction to the amount of Tax Credits the Project receives.

### B) Applicable Percentage

The applicable percentage for Tax Credit Projects is subject to adjustment based on the nine percent (9%) and four percent (4%) applicable federal percentages, which are reported monthly by the IRS. Applications must use the applicable percentage for the month in which the Application is submitted.

The applicable percentage rate can be locked on the date of Reservation, or the date of Placed in Service for the Project.

### C) Code Provided Eligible Basis Boost

Projects that meet one of the following criteria below are eligible for a Boost under the Code:

#### 1) 9% Tax Credit Projects

##### Qualified Census Tract or Difficult to Develop Area Projects

Projects located in a Qualified Census Tract or a Difficult to Develop Area (as defined under Section 42 of the Code) are eligible for a Boost.

See "Qualified Census Tracts" form on the Website for a listing of the eligible areas.

However, in no cases can an Application request an Allocation of Tax Credits based on a Boost or in excess of the limits contained in Section IV E below.

#### 2) 4% Tax Credit Projects

##### Qualified Census Tract or Difficult to Develop Area Projects

Projects located in a Qualified Census Tract or Difficult to Develop Area (as defined under Section 42 of the Code) are eligible for a Boost.

See "Qualified Census Tracts" form on the Website for a listing of the eligible areas.



**D) Discretionary Eligible Basis Boost**

The Authority reserves the right to provide a discretionary Boost as follows:

**1) 9% Tax Credit Projects**

**Financial Feasibility**

The Authority may provide a discretionary Boost and Tax Credit Allocation to Projects located in Opportunity Areas (as defined in Scoring Section C)2).

The Authority may also provide a discretionary Boost and Tax Credit Allocation in order to effectively manage its resources or to make a Project financially feasible.

In no cases can an Application request an Allocation of Tax Credits based on a Boost or in excess of the limits contained in Section IV E below.

**2) 4% Tax Credit Projects**

**Not Applicable**

The Authority cannot provide a discretionary Boost to 4% Tax Credit Projects.

**E) Maximum Tax Credit Request**

Regardless of a Project's eligible basis and its eligibility for a Boost under the Code, all Projects are limited to the following maximum Tax Credit requests:

**1) 9% Tax Credit Projects**

The maximum amount of Tax Credits for which a Project may apply is the lesser of the following:

- a total Allocation of 1,500,000; or
- 28,500 Tax Credits per unit; or
- the Tax Credit amount supported by the Project's eligible basis net of a Boost; or
- the Tax Credit amount supported through the equity gap method

**2) 4% Tax Credit Projects**

The maximum amount of Tax Credits for which a Project may apply is the lesser of the following:

- the Tax Credit amount supported by the Project's eligible basis; or
- the Tax Credit amount supported through the equity gap method.

The Authority reserves the right to make Tax Credit Reservations in an amount above 1,500,000 per Project.

## V) Credit Ceiling and Set-Asides

### A) Credit Ceiling

#### 1) 9% Tax Credit Projects

The Authority anticipates approximately 28 million in 9% Tax Credits available for Allocation.

In accordance with Section 42 and Treasury Regulation 1.42 - 14, these Tax Credits consist of:

- Approximately 22 million in per capita Tax Credits allocated to the Authority
- Approximately 6 million in per capita Tax Credits allocated directly to the City of Chicago

The total amount of Tax Credits available for Allocation is subject to change as additional Tax Credits may become available if Projects that received Allocations in prior years return Tax Credits to the Authority or if the Authority receives Tax Credits from the national pool.

#### 2) 4% Tax Credit Projects

The amount of 4% Tax Credits available through the issuance of a 42(m) Letter for Projects financed through the issuance of tax-exempt bonds is determined by a combination of the Project's eligible basis and the amount of tax exempt private activity bonds that are issued for Projects.

### B) Set-Asides

Anticipated approximate 9% Tax Credit Allocation goals for each set-aside are as follows:

Set-Aside	Allocation Goal
City of Chicago	14%
AHPAA	17%
Chicago Metro (non-AHPAA)	15%
Other Metro	18%
Non-Metro	20%
Statewide	16%
Authority Allocated Per-Capita 9% Tax Credits	100%

Upon evaluating all Projects and determining the most effective use of available Tax Credits, the Authority may choose to modify any of these allocation goals including, but not limited to, limiting the number of Projects or amount of Tax Credits allocated in any set-aside, regardless of the Project's score and how its score relates to all other Projects.

The Authority reserves the right to limit the number of 9% Tax Credit Reservations for Rental Assistance Demonstration Projects to one (1) per Set-Aside per year.

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**1) Geographic Tax Credit Set-Asides**

The City of Chicago geographic set-aside consists of the City of Chicago.

The AHPAA set-aside consists of areas that are at risk or subject to AHPAA. For a list of areas at risk or subject to AHPAA see “AHPAA Municipalities” on the Website.

The Chicago Metro non-AHPAA set-aside consists of the areas within the counties of Lake, DuPage, Kane, McHenry, Will, and Cook excluding the City of Chicago, that are not at risk or subject to AHPAA within the Chicago metro area.

The Other Metro set-aside consists of areas identified as Other Metro. For a list of the areas identified as Other Metro, see “Other Metro Municipalities” on the Website.

The Non-Metro set-aside consists of all other areas of the state not included in the City of Chicago, AHPAA, non- AHPAA, or Other Metro set-asides.

**2) Statewide Tax Credit Set-Aside**

Applications will be competitively evaluated within the applicable geographic set-aside.

Sponsors cannot apply for or request an award of Tax Credits under the Statewide set-aside.

The Authority may choose to allocate Tax Credits under the Statewide Set-Aside to (1) Projects that fulfill certain housing policy goals, as designated by the Authority, (2) Projects whose competitive score in a geographic set-aside is such that the Project would not otherwise be awarded Tax Credits, or (3) Projects located in a geographic set-aside where the total amount of Tax Credits available is less than the total amount of Tax Credits requested.

## **VI) Preliminary Project Assessment**

All Projects seeking Tax Credits, either through the issuance of a 42(m) Letter for Projects financed through the issuance of tax-exempt bonds (4% Tax Credits) or through the competitive selection process (9% Tax Credits), must complete a Preliminary Project Assessment, prior to the submission of an Application, as follows:

### **A) Preliminary Project Assessment**

Prior to submission of an Application, all Projects are subject to a Preliminary Project Assessment (“PPA”) process.

Information regarding the PPA is available on the Website. PPAs are due and accepted according to the schedule posted on the “Program Timelines” page of the Website.

#### **1) Overview**

PPA documentation contains basic information regarding Project concept and design, location, and the proposed tenant population.

If the PPA is not approved by the Authority, an Application for the Project will not be accepted by the Authority.

The Authority’s determination that the current Project, Site, and/or market characteristics are not appropriate should not be construed as a finding that the Project is not feasible or the Site is not buildable under any circumstances, or that the market will never be appropriate for a proposed Project.

At the same time, a determination that a Project meets the Authority’s PPA review standards does not constitute or guarantee an Allocation of Tax Credits or approval of any other Authority resources.

#### **2) Evaluation**

The Authority may take the following into consideration:

##### **a) Project and Site Characteristics**

PPA site evaluations are performed to determine if the location of the site is suitable for the proposed development. The Authority will perform a visual inspection of each proposed site. The analysis surrounding the suitability of the site will consider, but will not be limited to, the following items:

- Project scope
- Project design and layout

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- Aesthetic compatibility to existing neighborhood
- Availability of and access to appropriate public and community services and amenities
- Potential development concerns located on, adjacent to, or near the Site
- Consistency with Authority initiatives and objectives

**b) Project Market**

PPA market evaluations are performed on the need for the proposed Project and the proposed unit types within a realistic market area. Demand and rent-up characteristics are scored in the Application phase, but do not factor into the PPA review of market. Below are details regarding the PPA market review process:

**Step 1: Determination of Primary Market Area** – Before reviewing the market as part of a PPA, a Primary Market Area (PMA) for the proposed Project will be determined. The Authority utilizes two-intertwined methodologies to determine the PMA in the PPA:

- generalized market parameters are determined using a rule-of-thumb that places the development regionally; and
- general parameters are further specified and narrowed to a reasonable primary market area built using visual assessment, in-house mapping programs, identification of “natural” market area boundaries (highways, roads, train tracks, waterways, etc.) and, as necessary, housing and demographic market characteristics.

*PLEASE NOTE:* For scattered site Projects, or Projects with more than one location, the PMA definition process will be expanded appropriately to either encompass the full range of the scattered site Projects within a singular-but expanded market area or to include more than one market area to account for multiple sites serving multiple markets.

*PLEASE NOTE:* PMA designated by the Authority on the PPA level does not have to match the PMA used in the Site and Market Study required with the Application (In the Application phase, PMAs are defined in the Site and Market Study).

**Step 2: Review of Data and Indicators of Market Need** - The boundaries of the PMA will be used as guidelines to draw the data used for the PPA market review. This review will consist of the following general categories:

- Existing unit approvals and performance;
- Affordable rental concentrations; and
- Social and economic viability

Specific datasets and metrics are used in examining each category. The PPA Market Data and Metrics Chart (available for download on the Website) details data and indicators used in this assessment.

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**Step 3 (OPTIONAL): Review of local planning documents** – Sponsors have the option of providing evidence of the Project’s fit in an existing planning effort. This plan is not required to meet the same standards as plans submitted for Community Revitalization Effort scoring (though plans submitted for that scoring review could also be submitted for PPA review).

PLEASE NOTE: Projects are **NOT** required to provide a plan to be considered for PPA approval, and submission of a plan also does **NOT** guarantee PPA approval.

A plan should **ONLY** be submitted if the Sponsor believes that the Project plays a key role in the plan, and if the plan helps bring to light local activity that is not realized by the other market evaluation metrics listed above.

The following formats are acceptable examples of “plans” that could be submitted to document the proposed project’s fit in an existing planning effort as part of a PPA. These formats are acceptable for PPA consideration only and should not be assumed to also be acceptable for scoring considerations associated with full applications for funding:

- A community level plan that is not more than five years old that has been formally adopted or supported by the local government, in which the Project will play a key implementation role; or
- A community plan that has been produced within the last five years but has been formally adopted or otherwise approved by a non-local government agency, department, or body is acceptable providing that the plan is submitted with evidence demonstrating support from the local government (e.g.: letter of support or memorandum of understanding from a local official or administrator; evidence of financial support from local government in the planning process); or
- Documentation of local planning activity, economic, and/or community development efforts that have occurred in the last five years and are in the vicinity of the Project that are not part of a formal plan, but equate to a de facto planning effort. Any documentation must be accompanied by a map clearly showing the Project Site and relevant development sites and/or community planning area boundaries.

To be considered, all submittals must meet the following criteria:

- The plan covers the development or redevelopment of a combination of sites, a neighborhood, community, municipality or region and is not a site plan;
- The plan should clearly demonstrate the context and importance of the proposed project(s) within its contents and/or be accompanied by a summary letter that describes the context and importance to the community effort undertaken;

The submittal must include the following:

1. The entire plan, accompanied by a brief summary that indicates the exact page numbers relevant to the Project.

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2. A map clearly showing the following:
  - Project Site(s) within the boundaries of the plan / project area; and
  - The location and basic status of other major plan / project area components
3. A letter from the administering public entity that administers the submitted plan affirming the following:
  - The Project will contribute to the housing policy goals within the plan / project area; and
  - Demonstrable progress has been made towards fulfillment of other plan / community revitalization goals.

In the case of the submittal of de facto planning documentation (described above), a letter summarizing the efforts from an administering public entity is requested but not required. A general letter summarizing documentation submitted in support of a de facto planning effort is, at a minimum, required.

**c) Opportunity Area and Proximate Opportunity Area**

The Authority will utilize the PPA review as methodology to determine the Project's location in an Opportunity Area or Proximate Opportunity Area as defined in the Scoring Section XIV)(C)2)a).

To be considered under this criteria, a formal letter (as well as supporting evidence) requesting consideration must be submitted together with the completed PPA submittal and reflected on the PPA Form. Reviews requested outside of the PPA process will not be provided.

The Authority will review this letter and supporting documentation as part of the PPA review.

Projects demonstrating coherence with the geographic parameters as well as providing a reasonable explanation for inclusion in the Opportunity Area or Proximate Opportunity Area will be awarded the full 10 points under Scoring Section XIV)(C)2)a) when the Project is scored as part of a full 9% LIHTC application. Projects proposed as scattered site developments that include at least one site located in a qualified Opportunity Area or Proximate Opportunity Area will be scored pro-rata, based on the proportion of total units that will be located in an Opportunity Area or Proximate Opportunity Area.

The Authority will notify applicants of Opportunity Area or Proximate Opportunity Area status, including amount of points to be awarded under the Scoring Section XIV)(C)2)a), along with the approval or denial of the PPA.

#### **4) Results**

The Authority will issue an approval or denial letter for each PPA submitted to the Sponsor.

In some cases a Project may receive a PPA approval with conditions. In these cases, an Application will not be reviewed if the conditions described in the PPA approval are not met in the Application.

PPA approvals for Projects seeking 4% Tax Credit Determinations are valid for twelve (12) months after they are issued. The Authority may rescind a PPA approval before the Project's Application is submitted, primarily but not exclusively based on Authority allocation of resources in the market area which impact the Project's market conditions. Sponsors will be notified in writing if a PPA approval has been rescinded.

PPA approvals for Projects seeking a reservation of 9% Tax Credits are valid for the corresponding Application round(s) in the current allocation year. The Authority may rescind a PPA approval, primarily but not exclusively based on Authority allocation of resources which impact the Project's market conditions between Application rounds. Sponsors will be notified in writing if a PPA approval has been rescinded.

All PPA approval letters will include a notification about Opportunity Area or Proximate Opportunity Area status (if checked on PPA application form) and will include the Authority and Affordable Market Share for the Primary Market Area.

#### **5) Preliminary Participant Score**

If a Project has received a PPA approval, each Participant will have the option, within five (5) business days of notification of PPA approval, to submit a draft Unfavorable Practices Certification available on the Website and discussed in Section (XIV)(D)3. The Authority will review the draft Unfavorable Practices Certification and, within 21 business days of receipt thereof, provide the requesting Participant with feedback about whether the Authority is aware, as of the date of its response to the best of its knowledge, of any unacceptable practices (as listed in Section XIII)N)3) or unfavorable practices (as listed in Section (XIV)D)3) that may have the potential to negatively impact an Application. The Authority will not determine whether or how many points may be deducted under Section XIV)D)3) until submission of an Application.

As PPA notification will be made to the Sponsor, it is the Sponsor's responsibility to notify all Participants of the optional preliminary Participant review discussed above.

#### **6) Changes between PPA and Application**

The Authority expects the Application for a Project with an approved PPA to be substantially similar to the Project as approved under the PPA.

In no case will the Authority approve an Application for a Project which has changes to Site(s), population served, or construction type.



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The Authority recognizes some Project changes may occur after PPA approval and prior to Application, and may consider the following changes permissible:

- A decrease to the total number of units;
- A maximum 10% increase to the total number of units;
- A maximum 10% increase or decrease to the number of affordable units;
- A maximum 10% increase or decrease to number of units of any bedroom size;
- Modification of income restrictions to increase the number of units for lower-income households;
- Increase the amount of rental assistance;
- Increase to the number of Statewide Referral Network Units;
- Site plan modifications due to local requirements;
- Changes requested by the Authority;

If changes are above the maximums or outside the parameters listed above, a formal request for approval should be made in writing to the Authority.

## VII) Application Process

All Projects with an approved PPA seeking a Tax Credit Allocation, either through the issuance of a 42(m) Letter for Projects financed through the issuance of tax-exempt bonds (4% Tax Credits) or through the competitive selection process (9% Tax Credits), are subject to the following Application process steps:

### A) Application Submission

Applications are due and accepted according to the schedule posted on the “Program Timelines” page of the Website.

Applications are accepted in person or via delivery service at the following address:

Illinois Housing Development Authority  
Multifamily Financing Department  
401 N. Michigan Ave, Suite 700  
Chicago, IL 60611

In order to effectively manage the Tax Credit program, the Authority reserves the right to adjust the deadlines and hold additional Application rounds.

### B) Waiver of 4% Feasibility

**All** Projects that have existing federal project-based rental assistance contract on 50% or more of the units are **NOT** eligible to apply for 9% Tax Credits **unless** a Waiver of 4% Feasibility is obtained. Requests for a Waiver of 4% Feasibility must be made 30 days prior to Application due date as posted on the “Program Timelines” page of the Website. Follow the steps below to obtain a Waiver of 4% Feasibility:

- Submit a PPA (with fee) according to the 4% Tax Credit Program Timeline, available on the Website.
- Upon PPA approval, submit the Common Application (Excel form on the Website) to be reviewed for feasibility. Allow three (3) weeks from submission of a complete Common Application for review.
- If the Project is deemed feasible as a 4% Tax Credit Determination, applicable Application fees will be requested to move forward as for a 4% Determination Letter.
- If the Project is deemed infeasible for 4% Tax Credit Determination, a Waiver of 4% Feasibility will be issued and the Project may submit an Application according to the 9% Tax Credit Program Timeline.
- The Project’s initial PPA approval will remain in effect for the calendar year in which it was issued or until rescinded by the Authority.

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**C) Application Checklist**

The Application must include all documentation in the Application Checklist form available on the Website based on the type of request as follows:

<u>Tax Credit Type</u>	<u>Project Type</u>	<u>Application Checklist</u>
9%	All 9% Tax Credit requests	Mandatory and Scoring
4%	The Authority is the bond issuer, lender and/or is only issuing a 4% Tax Credit Determination	Mandatory

**D) Application Fees**

The Multifamily Fee Payment Form, available on the Website, contains all current fee information. Fees for Authority debt sources with below market interest rates (such as HOME or Trust Funds) or IAHTC are not due at the time of a Tax Credit Application. Application fees for these resources will be collected after approval of an Allocation of Tax Credits and prior to consideration for those resources.

**E) Application Materials**

Applications must be clear, unambiguous, and complete, and include all attachments and supporting materials.

Applications must be submitted using current Application forms and documents. Current Application forms and documents are available in the “Frequently Used Forms and Documents” section on the Website.

Unless otherwise indicated, all documentation submitted must be signed and dated within six (6) months of the Application deadline.

Applications must be submitted both paper and electronic formats of the Application, as follows:

**1) Paper Application**

The paper Application must include printed copies of all documentation required per the QAP and the Application Checklist, including printed copies of all attachments and supporting materials, placed in an adequately sized accordion file folder tabbed to correspond with the enumeration outlined in the Application Checklist.

**2) Electronic Application**

The electronic Application submitted on a flash drive must be an identical replica of the entire paper Application in PDF and/or Excel format as outlined in the Application Checklist.

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Each tabbed section corresponding with the enumeration outlined in the Application Checklist must be saved as an individual PDF and/or Excel file with a meaningful file name corresponding to the enumeration outlined in the Application Checklist.

In addition, an electronic version of the Common Application in Excel format must also be included on flash drive.

**F) Application Evaluation**

Applications will be evaluated as follows:

**1) Completeness Review**

Projects will be reviewed solely on the basis of the materials contained in the Application. Application materials submitted after the Application deadline or apart from a complete Application as described herein will not be accepted.

If the Application does not include all applicable fees and the required signatures on all documents, it may be rejected.

Applications must meet all criteria in Section XIII Mandatory in order to proceed to competitive scoring as set forth in Section XIV Scoring.

The Authority may issue a written request for clarification of any Application submissions ("Clarification Letter") after review of all Applications under this QAP. Situations in which a Clarification Letter may be issued may include, but are not limited to, any obvious or apparent administrative errors on the face of any submitted document.

The Authority will allow a three (3) business day clarification period. Any Sponsor response to a Clarification Letter must be in writing and will be allowed only during a three (3) business day period commencing after the date of the Clarification Letter. Any Sponsor response may not include any new information dated after the Application deadline as stated in the Program Timelines on the Website, or any additional submissions outside of the items noted in the Clarification Letter. Should a Sponsor fail to respond to the Clarification Letter in writing to the satisfaction of the Authority during the 3 business day clarification period, the Authority will review the Application using only the information previously submitted.

**2) Mandatory Review**

Applications will be reviewed to determine if they meet the mandatory requirements set forth in the Mandatory section of this QAP.

If the Authority determines that an Application fails to meet one or more of the mandatory requirements, the Application may be rejected.

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**3) Scoring Review**

Applications for 9% Tax Credits will be ranked and reviewed according to the scoring criteria set forth in the Scoring section of this QAP within each geographic set-aside based on Project location.

**G) Conditional Allocation of Tax Credits**

Prior to the issuance of IRS Form 8609, Projects selected for Tax Credits, either through the issuance of a 42(m) Letter for Projects financed through the issuance of tax-exempt bonds (4% Tax Credits), or through the competitive selection process (9% Tax Credits), will be considered to have a Conditional Allocation of Tax Credits.

All Projects receiving a Conditional Allocation of Tax Credits remain subject to the requirements in the QAP, including, Sections: VIII) 9% Tax Credit Reservations, Carryover, and 10% Test for 9% Tax Credit Projects, IX) 4% Tax Credit Determinations for 4% Tax Credit Projects, X) Project Modifications and Revocations, and XI) Extended Use Agreement, Placement in Service, and 8609 for all Projects.

## **VIII) 9% Tax Credit Reservations, Carryover, and 10% Test**

All Projects receiving a Conditional Allocation of Tax Credits through the competitive selection process (9% Tax Credits), are subject to the following:

### **A) 9% Tax Credit Reservations**

#### **1) Reservation Letter**

An Authority-prepared Reservation Letter will be issued following Board approval stating the amount of the Reservation and specifying the conditions, documentation, and timelines that must be satisfied prior to the issuance of a Carryover Allocation Letter, if applicable, and IRS Form 8609, including payment of a non-refundable Reservation fee. The Reservation Letter will include the requirement that the initial financial closing for the Project, including execution and recording of the Extended Use Agreement must occur within ten (10) months of execution of Reservation Letter and payment of the Reservation fee. For information regarding the amount of the Reservation fee, see the Multifamily Fee Payment Form.

Required documentation includes, but is not limited to the following from the Website:

- Compliance Monitoring Fee Agreement
- Election of Low Income Housing Tax Credit Rate for Tax Credit Projects with Acquisition Rate Credits. (if applicable)

#### **2) Request for Extension**

The Authority may extend the time for meeting the conditions set forth in the Reservation Letter.

The Owner must submit a written request and explanation for an extension.

Failure to meet the conditions set forth in the Reservation Letter or to obtain Authority approval for an extension to meet the conditions set forth in the Reservation Letter may result in a revocation of the Conditional Allocation.

#### **3) Reservation Late Fee**

Projects approved for an extension to meet the conditions set forth in the Reservation Letter will be subject to late fees.

For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.

**B) 9% Tax Credit Carryover Allocations**

A Carryover Allocation is required for all Projects that will not be Placed in Service during the year in which a Reservation Letter is issued.

**1) Carryover Allocation Letter**

The Authority will issue a Carryover Allocation Letter near the end of the year in which the Project received a Reservation that will specify the conditions, documentation, and timeline to make the Carryover Allocation.

Required documentation includes, but is not limited to, current Site control for the Project satisfactory to the Authority in its discretion, and the following available on the Website:

- Carryover Allocation Checklist
- BIN Assignment Form
- Gross Rent Floor Election Form
- Reasonably Expected Basis Form

**2) Request for Extension**

The Authority may extend the time for meeting the conditions set forth in the Carryover Allocation Letter.

The Owner must submit a written request and explanation for an extension.

Failure to meet the conditions set forth in the Carryover Allocation Letter or to obtain Authority approval for an extension to meet the conditions set forth in the Carryover Allocation Letter may result in a revocation of the Conditional Allocation.

**3) Carryover Allocation Late Fee**

Projects approved for an extension to meet the conditions set forth in the Carryover Allocation Letter will be subject to late fees.

For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.

**C) 9% Tax Credit Ten Percent (10%) Test**

Projects issued a Carryover Allocation must expend more than ten percent (10%) of the Project's reasonably expected basis no later than December 1 of the year following the Carryover Allocation.

### **1) Ten Percent Test Documentation**

The Authority will issue a Ten Percent Test letter during the year following the Carryover Allocation that will specify the conditions, documentation, and timeline to meet the Ten Percent Test.

Required documentation includes, but is not limited to, current Site control for the Project satisfactory to the Authority in its discretion, and the following available on the Website:

- Submission of a completed Project Status Report Form
- Ten Percent Test Checklist
- Ten Percent Test - BIN Form
- Ten Percent Test Reasonably Expected Basis Form
- Certification of Costs Incurred for Ten Percent Test

### **2) Request for Extension**

The Authority may extend the time for meeting the conditions set forth in the Ten Percent Test letter.

The Owner must submit a written request and explanation for an extension.

Failure to meet the conditions set forth in the Ten Percent Test Letter or to obtain Authority approval for an extension to meet the conditions set forth in the Ten Percent Test letter may result in a revocation of the Conditional Allocation.

### **3) Ten Percent Test Late Fee**

Projects approved for an extension to meet the conditions set forth in the Ten Percent Test letter will be subject to late fees.

For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.



## **IX) 4% Tax Credit Determinations**

All Projects receiving a Conditional Allocation of Tax Credits associated with the issuance of tax-exempt bonds (4% Tax Credits), are subject to the following, regardless of the entity issuing the bonds. The Authority firmly believes that it is the appropriate and best suited agency to review, oversee and finance housing developments across the State. Please be aware that in many jurisdictions the Authority has a statutorily provided explicit right of first refusal to finance such developments.

### **A) 4% Tax Credit Determinations**

#### **1) Determination Letter**

Upon Authority approval of a Determination of Tax Credits for a Project, the Authority will issue a Determination Letter to the Owner stating the amount of the Determination and the timeframe for completing any conditions that must be satisfied in connection with the Determination prior to the issuance of a 42(m) Letter and IRS Form 8609. The Determination Letter will include the requirement that the initial financial closing for the Project, including execution and recording of the Extended Use Agreement must occur within ten (10) months of execution of a Determination Letter and payment of the Determination fee.

#### **2) Request for Extension**

The Authority may extend the time for meeting the conditions set forth in the Determination Letter.

The Owner must submit a written request and explanation for an extension.

Failure to meet the conditions set forth in the Determination Letter or to obtain Authority approval for an extension to meet the conditions set forth in the Determination Letter may result in a revocation of the Conditional Allocation.

#### **3) Determination Late Fees**

Projects approved for an extension to meet the conditions set forth in the Determination Letter will be subject to late fees.

For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.

### **B) 42(m) Letter**

#### **1) 42(m) Letter**

Projects that fulfill the requirements of the Determination Letter, including payment of a non-refundable Determination fee, information about which is contained in the Multifamily Fee Payment Form found on the Website, will be issued a 42(m) Letter.

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Required documentation includes, but is not limited to the following available on the Website:

- Submission of a completed Project Status Report Form
- BIN Assignment Form
- Gross Rent Floor Election Form
- Low Income Housing Tax Credit Rate Election Form for Tax Exempt Projects
- Tenant Selection Plan
- Affirmative Fair Housing Marketing Plan

Regarding the Affirmative Fair Housing Marketing Plan, please note the following:

It is the policy of the Authority to administer the Tax Credit program affirmatively, as to achieve a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of their race, color, religion, sex, disability, familial status or national origin. Each Sponsor shall pursue affirmative fair housing marketing policies in soliciting tenants and outreaching to underserved populations and those least likely apply to reside in completed tax credit units. Each Project receiving an Allocation of Tax Credits will be required to submit an Affirmative Fair Housing Marketing Plan outlining how the Project will market units to underserved tenants, including tenants with special needs. Specifically IHDA, strongly encourages all developers to reach out to the Project's nearest Center for Independent Living and the region's designated housing locator for *Olmstead* class members, and their local Continuum of Care in order to guarantee people with disabilities have the opportunity to apply for units in all LIHTC buildings which they qualify.

## **2) Request for Extension**

The Authority may extend the time for meeting the conditions set forth in the 42(m) Letter.

The Owner must submit a written request and explanation for an extension.

Failure to meet the conditions set forth in the 42(m) Letter or to obtain Authority approval for an extension to meet the conditions set forth in the 42(m) Letter may result in a revocation of the Conditional Allocation.

## **3) 42(m) Late Fees**

Projects approved for an extension to meet the conditions set forth in the 42(m) Letter will be subject to late fees.

For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.

## **X) Project Modifications and Revocations**

All Projects receiving a Conditional Allocation are subject to the following:

### **A) Project Modifications**

A Conditional Allocation is based on the information provided in the Application.

Project modifications require re-evaluation of the Application and may trigger a change in the Project's score or ranking, loan committee and Board approval, or the revocation of the Conditional Allocation.

Project modifications include, but are not limited to:

- A change of 10% or more in the total Project cost
- A change of 10% or more in any budget line item
- Any changes in the Project Owner, Sponsor(s), or Participants
- Any changes in Project characteristics that were considered in order to meet the requirements of the Mandatory or Scoring sections of this QAP including, but not limited to, the following:
  - 1) Any change in the Project's unit mix or unit sizes
  - 2) Any change in the Project's rent structure
  - 3) Any change to the Project Site(s)
  - 4) Any change to the Project's construction scope
  - 5) Any changes in the Project's financing, including, but not limited to, the following:
    - Adding, removing, or substituting sources of Project financing
    - A change to the entity providing financing
    - A change in financing terms
    - A change in Tax-Credit equity pricing

No changes in the Owner and Sponsor(s) in the Project will be permitted between Board approval and the issuance of IRS Form(s) 8609.

### **B) Request for Modifications**

The Authority will evaluate and may approve Project modifications.

The Owner must submit a written request and explanation for all Project modifications.

The Authority may require a processing fee in connection with Project modifications, as described in the Multifamily Fee Payment Form available on the Website.

**C) Revocation of a Conditional Allocation**

The Authority may revoke a Conditional Allocation or reduce the resources allocated for reasons including, but not limited to the following:

- Unapproved Project modifications
- Failure to meet the conditions set forth in the Reservation Letter, Carryover Allocation Letter, Ten Percent Test Letter, Determination Letter, or 42(m) Letter
- Failure to meet the conditions set forth in Section XI Extended Use Agreement, Placement in Service, and 8609
- Material misrepresentation or providing false information in connection with any Authority program
- Non-compliance in any Project
- Delinquency under any Authority Program
- Outstanding fees due and owed to the Authority
- Bankruptcy or any other financial situation that jeopardizes a Project's completion or continued operation
- A Project's inability to proceed

If a Conditional Allocation is revoked, the Authority will retain all fees paid to the Authority in conjunction with the Project.

## **XI) Extended Use Agreement, Placement in Service, and 8609**

All Projects receiving a Conditional Allocation are subject to the following:

### **A) Extended Use Agreement**

Projects receiving a Conditional Allocation, either through a Reservation Letter or 42(m) Letter, will be subject to an Extended Use Agreement (“EUA”) setting forth income and occupancy restrictions for a total of thirty (30) years, including the initial Compliance Period and the Extended Use Period. The EUA must be recorded at the initial financial closing for the Project on the Site in the office of the Recorder of Deeds in the County where the Project is located prior to all other Project documents evidencing or securing Project financing. The initial financial closing and recordation of the EUA must occur within ten (10) months of the execution of the Reservation Letter including payment of the Reservation fee.

### **B) Placement in Service**

#### **1) Deadline**

Projects with a Conditional Allocation must be Placed in Service no later than the date indicated in the Carryover Allocation Letter or the 42(m) Letter.

#### **2) Request for Extension**

The Authority may extend the time for the Project to be Placed in Service by revoking the existing Conditional Allocation and issuing a new Conditional Allocation of Tax Credits.

The Owner must submit a written request and explanation for a revocation of the existing Conditional Allocation and a new Conditional Allocation of Tax Credits.

#### **3) Extension Review**

Projects determined to meet the affordable housing policy goals of the State will be considered for a new Conditional Allocation.

#### **4) New Conditional Allocation Fees**

If the Authority revokes the existing Conditional Allocation and issues a new Conditional Allocation, the Project will be required to pay another non-refundable Reservation or Determination fee.

For information regarding the amount of the Reservation and Determination fees, see the Multifamily Fee Payment Form found on the Website.

**5) New Conditional Allocation Requirements**

Projects receiving a new Conditional Allocation are remain subject to the requirements in the QAP, including, “9% Tax Credit Reservations, Carryover, and 10% Test” for 9% Tax Credit Projects, “IX 4% Tax Credit Determinations” for 4% Tax Credit Projects, and “X Project Modifications and Revocations”, and “XI Extended Use Agreement, Placement in Service, and 8609” for all Projects.

**C) Issuance of 8609**

The Authority will issue an 8609 to Projects with a Conditional Allocation that fulfill all Authority requirements.

**1) 8609 Documentation**

See the 8609 Issuance Checklist available on the Website.

**2) 8609 Timing**

Projects must submit all 8609 documentation to the Authority no later than six (6) months after the end of the year following the deadline to be Placed in Service.

**3) 8609 Review**

The Authority will review all submitted documentation and conduct a final financial analysis. As required per section 42(m)(2) of the Code, in no cases will the Tax Credit Allocation exceed the amount the Authority determines is necessary for the financial feasibility of the Project and may be less than the Conditional Allocation.

**4) Request for Extension**

The Authority may extend the time for submitting the 8609 documentation.

The Owner must submit a written request and explanation for an extension.

Failure to submit all 8609 documentation by the due date or to obtain Authority approval for an extension to submit all 8609 documentation may result in a revocation of the Conditional Allocation.

**5) 8609 Late Fee**

Projects approved for an extension to submit all 8609 documentation will be subject to late fees.

For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.

## **XII) Project Compliance**

All Projects receiving an Allocation are subject to the following:

### **A) Compliance Monitoring**

Projects receiving an Allocation will be subject to ongoing compliance monitoring and reporting requirements.

### **B) Compliance Reference Guide**

Information regarding ongoing compliance monitoring and reporting requirements is available in the Low Income Housing Tax Credit Compliance Reference Guide, available on the Website.

### **C) Compliance Monitoring Fee**

The Authority charges ongoing compliance monitoring and reporting fees. Information regarding these fees is available from the Authority's Asset Management Services Department.

### **D) Additional Compliance Monitoring Information**

Additional information regarding ongoing compliance and reporting requirements is available on the Website from the Authority's Asset Management Services Department

### **XIII) Mandatory**

All Applications for Projects seeking Tax Credits, either through the issuance of a 42(m) Letter for projects financed through the issuance of tax-exempt bonds (4% Tax Credits) or through the competitive selection process (9% Tax Credits), must submit the documentation required per the Application Checklist found on the Website and detailed below.

The Authority reserves the right to amend, modify or waive specific nonmaterial submission requirements or requisite documentation in order to affirmatively further fair housing.

Unless otherwise indicated, all documentation submitted must be dated within six (6) months of the Application deadline.

Projects that meet the Authority's defined policy goals of rehabilitating Abandoned and Foreclosed Single Family Housing may be given latitude in how they achieve the Mandatory requirements set forth below. Sponsors with an approved PPA for a project that meets the definition of Abandoned and Foreclosed Single Family Housing shall be responsible for contacting the Authority to discuss why they cannot meet the Mandatory requirements, what relief they seek from the Mandatory requirements at full Application, and how and when they intend to meet all of the Mandatory requirements. The Authority will notify the Sponsor in writing regarding this request.

All Projects that have an existing federal project-based rental assistance contract on 50% or more of the units are NOT eligible to apply for 9% Tax Credits unless a Waiver of 4% Feasibility is obtained through the process outlined in Application Process Section.

#### **A) Application Certification, Organizational Chart, and Identity of Interest Certification**

The Application must include the Application Certification, Organizational Chart, and Identity of Interest Certification found on the Website.

The Application Certification provides a written certification that the Project will:

- Take actions to pursue affirmative fair housing marketing policies in soliciting tenants and outreaching to underserved populations and those least likely apply to reside in completed tax credit units.
- Acknowledge that each Project receiving an Allocation of Tax Credits will be required to submit an Affirmative Fair Housing Marketing Plan outlining how the Project will market units to underserved tenants, including tenants with special needs.
- Give preferential treatment to persons on the PHA waiting list(s), including but not limited to public housing, housing choice vouchers, VASH vouchers, or family unification, and make on-going efforts to request that the PHA make referrals to the Project, or request that the PHA include relevant information about the Project on any listing the PHA makes available to persons on its waiting list(s);
- Minimize involuntary displacement of low-income households;



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- Be willing to accept any project based or tenant based rental assistance; and
- Be willing to accept future State-administered operating subsidy or project-based rental assistance, should it be made available, on units that are not already subject to a rental assistance contract.

The completed organization chart must include ALL entities within the proposed single purpose entity Owner. All entities appearing on the organizational chart must also submit Sponsor Development Experience Certification forms under Section N) below.

The Identity of Interest Certification provides written certification as to whether or not an Identity of Interest exists in the Project.

**B) Project Narrative**

The Application must include all of the following:

- A copy of the Project's current PPA approval letter;
- A copy of the copy of a Waiver of 4% Feasibility, if applicable; and
- A completed Project Narrative form, located in the Common Application, found on the Website.

Sponsors are encouraged to provide as much detail and background information about the Project as possible in order to assist the Authority in assessing the Project.

**C) Local Support**

Local support may be in the form of a letter of support from the chief elected official of all municipalities in which the Project is located; **OR** a certification of consistency with the Consolidated Plan for the locality in which the Project is located.

Applications for Projects that are unable to obtain either form of local support must include a description of the efforts to obtain the letter of support and if applicable, respond to any concerns regarding the Project. The Authority will review the documentation, as well as any additional letters of support, and may waive this requirement.

Failure to obtain local support due to timing constraints will not be an acceptable reason for this documentation to be missing from the Application.

**a. Letter of Support**

A local letter of support must be addressed to the Authority and specifically endorse the Project. If applicable, local support letters should also include information regarding any

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availability of additional resources (for example, TIF, CDBG, or HOME Funds) from the jurisdiction in which the Project is located and the willingness of the jurisdiction to provide such resources to the Project, if available.

For Projects located in the City of Chicago, a letter of support from the alderman of all wards in which the Project is located is acceptable

**b. Certification of consistency with the Consolidated Plan**

A certification of consistency with the Consolidated Plan can only be for Projects located in jurisdictions covered by a Consolidated Plan. For a list of counties and municipalities covered by a Consolidated Plan see the Website.

**D) Site Control**

All Project Sites must be identified in the Application. Projects consisting of multiple Sites must satisfy site control requirements for all Sites.

The Application must include all of the following:

- A map showing the location(s) of the Site(s). If Site control is for property larger than the Site(s), the Site(s) must be delineated on the map.
- Aerial photograph(s) of the Site(s) with the boundaries of the Site(s) clearly delineated, and surrounding uses clearly visible; and
- Evidence of Site control, which can only be demonstrated with Site control documentation for each Site consisting of one of the following:
  - A fee simple interest in the Site in the name of the Sponsor or Owner; or
  - A fully executed, binding agreement with a term ending no sooner than six (6) months after the Application deadline, signed by both the Sponsor or Owner and the seller for the purchase of the Site; or
  - A fully executed, binding agreement with a term ending no sooner than six (6) months after the Application deadline, signed by both the Sponsor or Owner and the seller for the long term lease of the Site with a lease term of at least ninety-nine (99) years; or
  - A fully executed, binding agreement with a term ending no sooner than six (6) months after the Application deadline, signed by both the Sponsor or Owner and the seller of the Site evidencing land and/or building donation; or
  - When the Site is owned by a governmental entity, a letter of intent to the Sponsor or Owner from the governmental entity to sell, donate, or enter into a long term lease of the Site with a term ending no sooner than six (6) months after the Application deadline.

Site control documentation must include all of the following clearly marked/highlighted:

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- 1) Expiration date for purchase option(s), purchase agreement(s), or letter(s) of intent;
- 2) Legal description pursuant to the site control document. If the site control documentation is for property larger than the Site, a legal description of the Site will be required prior to Tax Credit Allocation;
- 3) The sale or lease price of the Site(s); The Project budget in the Common Application for the Project may only include the acquisition costs attributable to the Site. If site control documentation is for property larger than the Site, a detailed narrative and calculation of the Site sale or lease price on a per square footage basis must be submitted.
- 4) Language that complies with the environmental review and voluntary acquisition guideline language outlined in the Site Control Compliance Language example on the Website.

If language is not included in the Site control documentation, evidence of compliance with this section can only be demonstrated by submitting a copy of language notification receipt by seller (e.g., certified mail, return receipt requested) and the date of delivery with countersignature by seller. Without language regarding compliance with environmental review and voluntary acquisition, Sponsors may be precluded from applying to the Authority for federal resources.

#### **E) Zoning**

The Application must include evidence that all Sites are either currently zoned for the proposed use, or will be addressed through a Planned Development or Planned Unit Development ("PUD") process.

##### **1) Zoned Project Sites**

Evidence that Sites are currently zoned for the proposed use can only be demonstrated through:

- A valid building permit; or
- A letter from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Project and containing all of the following:
  - 1) The location of the Site (s) (e.g. address or street crossings); and
  - 2) The current zoning and any special use designations; and
  - 3) A description of the Project (including number of units, proposed use, and whether it is new construction, rehabilitation, or both); and
  - 4) A statement that the current zoning will permit the proposed Project.

## **2) PUD Project Sites**

Evidence that Project Sites will be addressed through the PUD process can only be demonstrated through:

- A letter from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Project and containing all of the following:
  - 1) The location of the Site(s) (e.g. address or street crossings); and
  - 2) A description of the Project (including number of units, proposed use, and whether it is new construction, rehabilitation, or both); and
  - 3) A written explanation of the PUD approval process; and
  - 4) Evidence the PUD process has been initiated; and
  - 5) Evidence of which stage in the PUD approval process the Project has reached; and
  - 6) Evidence that the PUD will be reviewed in a timely manner, including any available dates.

## **F) Site Physical Information**

### **1) 1% Floodplain or Floodway**

The Application must include a Federal Emergency Management Agency (“FEMA”) floodplain map covering the Project area with the boundary of all Sites clearly delineated.

FEMA floodplain maps can be obtained from the FEMA website.

If any portion of a Site is located within the 1% floodplain or floodway, the Application must include one or both of the following as applicable:

#### **a) Rehabilitation**

Projects proposing the rehabilitation of existing buildings on Sites within the 1% floodplain or floodway must submit a site plan that clearly indicates all of the following:

- The FEMA determined elevation of the floodplain or floodway; and
- The elevation of the lowest floor level in the existing buildings; and
- The location of the existing buildings; and
- Evidence that the Site is enrolled or is eligible to enroll in the National Flood Insurance Program.

Note: Projects involving the rehabilitation of existing buildings on Sites located in the 1% floodplain or floodway will ONLY be permitted if the lowest existing floor elevation of each

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building in the floodplain is at least six (6) inches above the FEMA designated floodplain elevation.

**b) New Construction**

Projects proposing new construction on Sites within the 1% floodplain or floodway must submit a site plan that clearly indicates all of the following:

- The FEMA determined elevation of the floodplain or floodway; and
- The elevation of the lowest floor level in the proposed buildings; and
- The location of the proposed buildings.

Buildings must be situated outside the floodplain and any Project contemplating additional federal resources will be required to subdivide the Project Site from the affected land or obtain a Conditional Letter of Map Amendment or Revision from FEMA demonstrating the Site is eligible for reclassification out of the floodplain.

**2) Wetlands**

The Application must include a U.S. Fish and Wildlife Service (“USFWS”) National Wetlands Inventory map for the Project area with the boundary of all Sites clearly delineated.

USFWS wetland inventory maps can be obtained from the USFWS website.

If any portion of a Site contains wetlands, or if the Project may impact wetlands, the Application must include one of the following:

- A Letter of No Objection from the U.S. Army Corps of Engineers; or
- A wetlands permit from the U.S. Army Corps of Engineers

**3) Mining**

The Application must include an Illinois State Geological Survey (“ISGS”) mining map for the Project area with the boundaries of all Sites clearly delineated.

ISGS mining maps can be obtained from the ISGS website.

If any Site is in or near an area the ISGS identifies as affected by mining, the Application must include the following:

- The quadrangle study (if available) or the county mine map completed by the ISGS for the area in which the Site is located with the boundary of the Site clearly delineated; and
- Information indicating the depth of the mine, the type of mining that was performed, and the year that mining ceased; and

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- An opinion from a qualified geotechnical engineer as to whether or not the Site will be impacted by the mining; and
- If the Site will be impacted by mining, evidence of the Project's ability to obtain mine subsidence insurance and a budget detailing the estimated cost of mitigating the mine.

**G) Historic Preservation**

All Projects must meet the requirements of the National Historic Preservation Act and the Illinois State Historic Resources Protection Act as determined by the Illinois Historic Preservation Agency ("IHPA"). Note that this requirement is required by State Statute and applies to **ALL** Projects regardless of their Project type, location, or historic nature.

The Application must include the following for all Sites:

- An approval letter from IHPA dated within two years of the date of Application; or
- All documentation listed in the Historic Preservation Standards for Compliance found on the Website.

**H) Phase I Environmental**

The Application must include a Phase I environmental site assessment covering all Sites completed within one (1) year prior to the Application deadline according to the Authority's Standards for Environmental Reviews and Professionals available on the Website, including all appendices. If a Phase II is available, it may be submitted along with the Phase I. In addition, a narrative explanation of any identified Recognized Environmental Condition (REC) should be submitted. The explanation must include how these conditions will be addressed and a breakdown of any associated costs. Any associated costs must be included in development budget. The Authority reserves the right to require an environmental contingency as well as modify the construction scope based on a review of the explanation.

A list of resources available to address environmental concerns can be found on the Website.

**I) Architectural Requirements**

All Projects must meet the requirements contained in the Authority's Standards for Architectural Planning and Construction.

The Standards for Architectural Planning and Construction are available on the Website.

**1) Architectural Standards, Universal Design and Amenities Certification**

The Application must include the Architectural Standards, Universal Design and Amenities Certification signed by a licensed architect acting as the Project's Architect of Record. The Certification provides written confirmation of accessibility codes and Fair Housing Act requirements (if any) applicable to the Project. The Certification also provides written confirmation and identification of specific Project features which meet minimum code requirements.

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**a) Architectural Standards**

All Projects must will comply with the Authority's Standards for Architectural Planning and Construction including:

- All minimum green design requirements as specified in the Standards for Architectural Planning and Construction Section 14.00 – Green Criteria, including submission of the Utility Release Form prior to closing; and
- All applicable Federal and State accessibility laws and / or as specified in the Standards for Architectural Planning and Construction Section 8.00 – Accessibility Standards, including:
  - At least ten percent (10.0%) of the total units in the Project are designed for persons with mobility impairments, as defined in ICC/ANSI 117.1-2003 most current version, Section 1002 Accessible Units; and
  - At least two percent (2.0%) of the total units in the Project are designed for persons with sensory impairments (not less than one unit), as defined in ICC/ANSI 117.1-2003 most current version, Section 1005 Sensory Impaired Units

It is expected all new construction Projects shall meet the requirements listed above. The Authority understands the challenges represented by rehabilitation when providing for accessibility, and expects each Project to meet the minimum requirements for accessibility.

If, for any reason, a rehabilitation Project anticipates challenges meeting the applicable accessibility code requirements due to acceptable definitions within the code, such as elements being Technically Infeasible, Structurally Impracticable, etc., a written request defining the Project related challenges must be provided in the Application for evaluation. This request must specify the following items:

- Identification of the applicable accessibility code(s) of the Project;
- The specific exemption being sought, and the applicable code section allowing exemption;
- A description as to why the exemption applies; and
- Narrative and cost analysis of any alternatives explored to provide code required elements.

The Authority reserves the right to reject any request not including any of the items listed.

The Authority will review the request and either approve it as written, provide a conditional approval, or reject the request and require full code compliance with all expenses incurred by the Owner.

Any request submitted for a rehabilitation Project under this provision are also subject the following conditions:

- A minimum of 10% of the units must be provided with accessible elements, "to the greatest extent possible" with the measures taken to meet this standard defined in the request;

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- The minimum level of adaptable units as defined by the Illinois Accessibility Code must be provided;
- Units approved under any exemption may not be identified as “Accessible Units” under the details tab of the Common Application; and
- Units approved under any exemption will not be allowed to be included as “Accessible Units” For scoring purposes.

**b) Universal Design**

Universal Design, as defined by the Center of Universal Design, is “the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialization.” The Authority recognizes the need to create housing including Universal Design features while maintaining aesthetics and affordability.

The Authority views Universal Design not as a building code or standard, but rather as a set of features that should integrate seamlessly into the design of a dwelling unit, providing market appeal and possibility for residents to age in place. Whether applied to standard units or units designed under an accessibility code, the challenge of Universal Design is to produce as normal and appealing an outcome as possible

Universal Design is not a safe harbor for other required accessibility codes, but it should be utilized as a supplement to any code requirements. To truly award Projects willing to provide Universal Design elements above the code, the Authority requires each Application to first identify all code required elements, and provide five additional items not required by code in 100% of the units. As such, the Application must identify any and all Universal Design principles to be integrated into the unit design. Any Applications seeking an exception to this requirement must provide a detailed narrative discussing why Universal Design features cannot be provided. The Authority will review the submitted narrative and approve or deny it at its sole discretion.

**c) Amenities**

The Application must include Project amenities as specified in the Standards for Architectural Planning and Construction Section 7.00 – Design and Planning. In addition, a minimum of five (5) additional amenities selected from the list below must be incorporated in the Project and identified on Architectural Standards, Universal Design and Amenities Certification.

The Authority encourages creativity and dual function design and, therefore, it is possible for a single amenity to qualify as more than one option in the following list.

**i. Exterior Project Related Amenities**

- Secured bicycle parking (minimum of eight (8) slots per twenty five (25) units)
- Two (2) picnic tables and one (1) grill for every twenty-five (25) units
- Outdoor entertainment space such as an outdoor theater and gazebo with available seating
- Looped walking paths or connected sidewalks through the entire Project
- Dedicated visitor parking in addition to code or Authority required parking total of at least 3 spaces or 5% of unit count, whichever is greater.



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- An equipped sports court (volleyball, tennis, basketball, etc.) for every 100 units
- On-site car sharing
- Garden plots / designated community garden area with a minimum of 15 square feet per unit
- Upgraded landscaping, including one tree planted on-site for every ten units. The landscaping must adhere to Section 14.2 of the Standards for Architectural Planning and Construction, and be 100% native and adaptive plantings/landscaping

**ii. Interior Project Related Amenities**

- Resident storage space is 25% greater than the minimum requirement
- Computer room equipped with one (1) computer for every fifteen (15) units
- Green Roof with available seating or other community activity area available on the roof
- Exercise / fitness center with at least one (1) machine per fifteen (15) units
- Trash and/or recycling disposal chutes
- Dedicated recycling area within the Project
- Community room meeting Authority standards
- Community kitchen with counter seating
- Community TV room, theater or gaming room
- At least one additional common room in conjunction with a community room for an identified activity (i.e. billiards room, arts & crafts room, game room, dining room, etc.)
- Dog walking area
- Library / reading room
- Hair salon
- Health and wellness center

**iii. Project Unit Related Amenities**

- Storage space is 25% greater than the minimum requirement
- Residential units are 15% larger than the minimum requirement
- Kitchen pantry in every kitchen
- Free internet access in each unit
- Free cable or satellite television service in each unit
- Walk-in closets available in at least one bedroom of every unit (including studio/efficiency units)
- Security camera at all entrances
- Facility wide security camera system
- 9'-0" ceilings in all units
- Washer and dryer in every unit
- Entire Project contains Non-smoking units
- Energy Star-rated dishwasher in every unit
- Microwave oven in every unit
- Energy Star-rated ceiling fan with switched light fixture in every living room and bedroom
- Screen doors on all exterior doors
- Porch / patio / balcony for each unit

**d) Preliminary Architectural Plans and Specifications**

The Application must include preliminary architectural plans and specifications that include all of the following:

- Cover sheet with development title, development team, drawing index, building areas and code information; and
- Dimensioned floor plans, including square footage, for all unit and building types, with room designations and proposed finishes; and
- Typical wall sections
- Exterior elevations for all building types with material notations matching those defined within the scoping document discussed below.
- A Site plan showing the placement and orientation of buildings, parking areas, sidewalks, easements, setbacks, trash dumpsters, buffers, storm water detention, required site amenities, and significant natural features.
- Preliminary landscape plan
- Certification of Project Scope, signed by the Architect and Sponsor.

The Certification of Project Scope must include a written description of the full Project scope. Items to be included, but not limited to, in this document are:

- Outline specifications indicating all materials selected and/or defined performance criteria (i.e. windows, doors, hardware, drywall, exterior materials, floor and wall finishes, etc.);
- Definition of structural systems to be modified/installed as part of the Project;
- Programmatic description of the proposed furniture, fixtures, and equipment items;
- Definition of the Project's sustainability strategy in the form of a certification checklist, energy model or detailed description of elements provided and their expected impact consistent with the level of points requested in the Application;
- Written description of HVAC system to be installed; and
- Definition of any/all other unique scoping items included in the Project.

**J) Construction Cost Breakdown**

The Application must include:

- The Construction Cost Breakdown forms completed by a qualified contractor, Architect of Record, or construction cost consultant. Construction Cost Breakdown form is located in the Common Application, available on the Website.
- A detailed explanation of all construction cost variances existing between the Construction Cost Breakdown and Physical Needs Assessment ("PNA"), if applicable.

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In cases where there is an Identity of Interest between a Sponsor and Project general contractor; between a Sponsor and the Project architect; or between the Project architect and Project general contractor; the Construction Cost Breakdown must be completed by an independent third-party construction cost estimation firm according to the Authority's Standards for Construction Cost Estimating available on the Website.

For rehabilitation Projects, Construction Cost Breakdown will be evaluated along with the PNA to ensure that all necessary items are addressed. If the scope of work is deemed insufficient by the Authority, the Application may fail the mandatory review.

**K) Projects Involving Rehabilitation**

All Projects involving any rehabilitation of existing structures must comply with the following requirements.

**1) Physical Needs Assessment**

The Application must include a Physical Needs Assessment ("PNA") completed according to the Authority's Standards for PNA and based on the existing conditions of the property.

**2) Minimum Rehabilitation Standards**

At a minimum, the proposed rehabilitation work must address all items identified as "Critical" or "Immediate" in the PNA.

Items identified in the PNA as five (5) to seven (7) year needs in current rehabilitation work may be completed as part of the current construction scope of work, or adequate reserves may be budgeted to ensure these items will be completed within timeframes identified in the PNA.

The Application must include a detailed explanation of any and all construction cost variances existing between the development budget and PNA. The Authority reserves the right to modify the construction scope based on a review the explanation.

**L) Relocation**

If the Project involves the acquisition or rehabilitation of any property that is occupied by residential or commercial tenants as of Application date, the Application must include the Relocation Checklist and required documentation. The Relocation Checklist is available on the Website. The budget line on the Common Application must reflect all required relocation costs. The Authority highly recommends that Projects that contemplate relocation costs consult with their tax accountant and/or attorney before including relocation expenses in basis.

**M) Site and Market Study**

The Application must include a Site and Market Study completed according to the Authority's Standards for Market Study Reviews and Professionals, available on the Website.

The original Site and Market Study should be no more than 6 months old at the time it is submitted to the Authority, and must reflect the most current parameters for the Project being proposed.

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After the 6-month timeframe has expired, a Site and Market Study update can be performed and may be submitted up to 12 months beyond the date of expiry for the original Site and Market Study. The update must be attached to, and submitted with, the original Site and Market Study.

All Site and Market Study submissions must include or be accompanied by the following:

**1) Site and Market Study Summary Form**

Applications must include a completed Site and Market Study Summary Form available on the Website. The form must be completed in full and must be substantiated by the Site and Market Study;

**2) Insurance Requirements**

Each Site and Market Study should include general liability, auto, and workers compensation insurance certificates attached. Photo copies of the insurance certificates are acceptable;

**3) NCHMA Membership**

Documentation must be provided that demonstrates that the Site and Market Study firm is a member of the National Council of Housing Market Analysts (NCHMA) as discussed in the Authority's Standards for Market Study Reviews and Professionals, available on the Website;

**4) Authority Standard Calculations**

Calculations of penetration rate and capture rate used in the Site and Market Study must conform to the Authority standard of these calculations (alternative methodology is allowed, but the Authority standard methodology must also be included) as discussed in the Authority's Standards for Market Study Reviews and Professionals, available on the Website.

The Authority will review the Project's market. The outcome of the market review at the Application stage may, in some cases, contradict the previous Preliminary Project Assessment approval. A reversal of the market approval may be rooted in a number of factors, including but not limited to:

- Increased Authority investment in the primary market area since PPA approval;
- Project or market details not disclosed in the PPA;
- A change in the Project unit mix or rent schedule that has a negative market implication;
- Changing market conditions and demographic outlook;
- Changing or declining occupancy levels at existing affordable properties that indicate the market is unable to support additional units.

**N) Appropriate Development Team**

The Authority will evaluate the Participants in the development team and their capacity to successfully complete the Project.

## 1) Required Documentation

The Application must include the following documentation:

- An Application Certification, available on the Website, which includes a completed organizational chart, reflecting the ownership structure of the Project, and identity of interest certification; and
- A completed Development Experience Certification, available on the Website, for each Project Sponsor (as identified on the organizational chart), the general contractor\*, property manager, and Architect of Record; and Documentation of general contractor experience, verifying that the general contractor meets the general contractor experience requirements; and
- Certificates, licenses and/or training completion verifying that the property manager meets that management experience requirements, including licensed real estate broker or leasing agent; Low Income Housing Tax Credit compliance specialist, and fair housing and affirmative marketing certifications

\*Projects subject to a public competitive bidding process to select a general contractor do not have to submit the general contractor Certification with the Application. The general contractor Certification must be submitted prior to execution of Extended Use Agreement and is subject to Authority approval.

## 2) Required Experience

The Authority's minimum mandatory development team experience standards are listed below:

### a) Ownership Experience

A Project Sponsor must have at least two (2) years of experience including the development and operation of a project meeting one of the following:

- A Tax Credit development that contains at least seventy five percent (75.0%) of the number of housing units in the proposed Project; or
- A subsidized, low-income multifamily rental development that contains at least at least seventy five percent (75.0%) of the number of housing units in the proposed Project; or
- A comparable housing development as determined by the Authority.

**b) General Contractor Experience**

The Participant identified as the general contractor must have:

- A history of similar work and type as required for the Project; and
- A proposed project manager that has at least 5 years of experience with multifamily residential construction and/or rehabilitation.

**c) Management Experience**

The Participant identified as the property manager must be an organization whose principal business purpose is to provide residential property management services, including at a minimum the following:

- Preparation of annual operating and capital budgets
- Employment and supervision of all site staff
- Maintenance of financial and accounting records
- Ensuring compliance with all federal, state and governmental agencies
- Ensuring compliance with fair housing laws, including protected classes, affirmative fair housing marketing, accessibility, and reasonable accommodations
- Supervise and perform maintenance and building services, including securing bids and contracting for vendor services
- Market and lease apartments
- Market and lease commercial space (Only applicable to Projects proposing commercial space)
- Collect rent

Property managers must employ staff who, at a minimum, possesses the following certifications, licenses and training.

For all Projects:

- Licensed Real Estate Broker or Leasing Agent (This is not required for Public Housing Authorities, unless they are acting as third party management agent).
- Low Income Housing Tax Credit Compliance Specialist
- Fair Housing and Affirmative Marketing certifications (such as NAHRO, IREM)

For Projects contemplating federal funds:

- Certified Occupancy Specialist

For Projects contemplating rental subsidy:

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- Blended Occupancy Specialist

A property manager must have at least two (2) years of experience including the lease up and stabilization (ninety percent (90%) occupancy within one (1) year of Placed in Service date) of a project with tenant income certifications and ongoing reporting requirements meeting one of the following:

- A Tax Credit development that contains at least at least seventy five percent (75.0%) of the number of housing units in the proposed Project; or
- A subsidized, low-income multifamily rental development that contains at least seventy five percent (75.0%) of the number of housing units in the proposed Project; or
- A comparable housing development as determined by the Authority.

**3) Unacceptable Practices**

A Participant may not be an appropriate development team member if any of the following unacceptable practices apply to the Participant:

- A Participant maintaining an ownership interest in a Project, awarded Tax Credits by the Authority within the last two (2) years, that experienced an event of foreclosure (including a deed-in-lieu) of foreclosure) or in which the Owner failed to perform under a workout agreement with the Authority.
- A Participant maintaining an ownership interest in a Project has declared bankruptcy within the past two (2) years.
- A Participant has been involved in any Project awarded Tax Credits by the Authority within the past two (2) years that failed to close or be Placed in Service.
- A Participant has misrepresented or omitted to disclose material facts in connection with any application for Tax Credits or any other Authority resource.
- A Participant maintaining an ownership interest in a Project has an uncured default on any loan or grant made by the Authority under any program within the last two (2) years.
- Participant has been found to be in violation of fair housing, housing accessibility or nondiscrimination laws or has been found to discriminate against Section 8 voucher and certificate holders or recipients of any state or local tenant or project based rental assistance, and such violation or discriminatory actions have not been remedied to the satisfaction of the governmental agency or entity with jurisdiction.

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In the event any unacceptable practices apply to any Participant, the Application must include an explanation of the circumstances surrounding the unacceptable practice.

**O) Financial Feasibility**

The Authority will evaluate the Project's financial feasibility and underwriting assumptions.

In order to demonstrate financial feasibility, Projects must be consistent with the following:

**1) Sources**

All Applications must reflect adequate sources of construction and permanent financing to complete the Project and are subject to the following:

**a) Maximum Tax Credit Request**

Projects are subject to the maximum Tax Credit request contained in the Tax Credit Information section of the QAP.

**b) Authority Loan Limits**

Projects are subject to the maximum Authority loan limits contained in the Authority Loan Parameters found on the Website.

**c) Deferred Developer Fee**

All Applications must reflect a deferred developer fee as a financing source.

At a minimum, the deferred fee must be the lesser of twenty-five percent (25%) of the developer fee or seventy-five percent (75%) of cash flow after debt service in years one (1) through twelve (12).

The total deferred developer fee cannot exceed an amount equal to one hundred percent (100%) of cash flow after debt service in years one (1) through fifteen (15) unless Sponsor provides explanation of how fee will be repaid.

**d) Evidence of Project Financing**

The Application must include financing acknowledgment letters for all Project financing sources, including both construction and permanent financing from all lenders, grantors, and equity providers. Letters must state that as of the Application deadline date, the financing source is either under consideration or has been approved as stated below.

Note that Authority debt sources may require additional information, documentation and restrictions including but not limited to further environmental review, contractor wage rates and standards, and income and occupancy restrictions.

In addition, any Projects applying to the Authority for federal funds must not undertake a choice limiting action (as defined under 24 CFR Part 58). This includes actions to acquire, rehabilitate, demolish, convert, lease, repair or construct properties. Performing a choice limiting action may disqualify a Project from receiving any federal funds.



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Neither a written request for Authority debt financing nor an Allocation of Tax Credits shall imply any award or future award by the Authority of any debt financing.

**i. Authority Debt Sources with Market Interest Rates**

Requests for Authority debt sources with market interest rates must be made 45 days prior to Application due date as posted on the “Program Timelines” page of the Website. For information on how to obtain a financing acknowledgement letter for Authority debt sources with market rates of interest see the Authority Website.

**ii. Authority Debt Sources with below Market Interest Rates**

Financing acknowledgement letters for Authority debt sources with below market rates of interest can be evidenced in the Application through a written request to the Authority for debt financing that includes all of the following:

- The amount of the loan(s); and
- The length of the loan term(s), which must be at least fifteen (15) years (if there is more than one component to the loan, and these components have different terms, the terms of the longest component must be at least fifteen (15) years); and
- The amortization period of the loan(s), if applicable; and
- The interest rate(s), and any terms and conditions regarding adjustments; and
- The expected monthly or annual debt service payment for each loan

The Authority reserves the right to utilize any available funding source at below market interest rates. Please be aware that restrictions vary by funding source and the Project will need to be compliant with the most restrictive source. The top scoring deals in each of the geographic Set-Asides will have priority access to Authority resources available at that time.

The Authority reserves the right to limit the amount of Authority Debt Sources with below Market Interest Rates by Set-Asides as follows:

- AHPAA and Non-Metro Set-Asides: Projects may apply for up to 20% of total development cost capped at a maximum request of \$2 million.
- City of Chicago, Chicago Metro and Other Metro Set-Asides: Projects may apply for up to 10% of total development cost capped at a maximum request of \$1 million.

Applications for IAHTC are not subject to the limits set forth above. Applications are subject to the maximum Authority loan limits above. Failure to adhere to these limits will result in a Project that is not financially feasible as defined in the QAP.

**iii. Non-Authority Debt Sources**

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Financing acknowledgement letters from each lender of all non-Authority debt sources, including but not limited to, construction loans, permanent loans, equity bridge loans, and the assumption of existing debt, must include all of the following:

- The name of the loan source; and
- The amount of the loan, and
- The length of the permanent loan term, which must be at least fifteen (15) years (if there is more than one component to the loan, and these components have different terms, the terms of the longest component must be at least fifteen (15) years); and
- The amortization period of the loan; and
- The interest rate (and any terms and conditions regarding adjustments); and
- The expected monthly or annual debt service payment; and
- Any financing fees associated with the debt source

**iv. Tax Credit Equity Sources**

At least two (2) financing acknowledgement letters from the Low Income Housing Tax Credit equity source; and at least one (1) financing acknowledgement letter from state donation tax credit and historic tax credit equity sources. The financing acknowledgement letters must include all of the following:

- The anticipated Tax Credit Allocation; and
- The per credit net cent raise rate; and
- The amount of Tax Credit equity available to the Project; and
- The proposed equity pay-in schedule

After receiving an Allocation of Tax Credits, Projects requesting an allocation of state donation tax credits (IAHTC) must submit all required documentation on the Application Checklist for Projects Requesting IAHTC, including fees listed in the Multifamily Fee Payment Form. The Project budget in the Common Application must reflect all anticipated IAHTC fees.

**v. Non-Authority Grant Sources**

Financing acknowledgement letters from each grantor of all non-Authority grant sources must include all of the following:

- The name of the grant source; and
- The amount of the grant; and
- A pay-in schedule detailing when the grant will be available to the Project; and
- Any outstanding requirements to be met prior to grant availability

**e) Construction Period Income**

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If construction period income is included as a source of project financing, the amount of this income must be supported by submission of the past three (3) years' financial property audits. Submission must include a narrative highlighting the assumptions used to size the amount of this source. The full amount of construction period income used for project financing must be available at the initial financial closing.

## 2) Uses

### a) Acquisition

The Project budget in the Common Application may only include the acquisition costs attributable to the Site. If site control documentation is for property larger than the Site, a detailed narrative and calculation of the Site sale or lease price on a per square footage basis must be submitted. Site acquisition costs must match the Site control documentation.

### b) Grand Total Hard Cost Limits

A Project's grand total hard costs, as calculated in the Common Application, are limited to the sum of the products of the hard cost limit by bedroom type and the number of units, by bedroom type, in the Project. The hard cost limit by bedroom type can be found on the Authority Website.

Projects that exceed the grand total hard cost limit must provide a detailed explanation of the specific expenses that result in costs in excess of the limits. Explanation should include a breakdown of specific items with attributable dollar amounts.

The Authority will review and determine the suitability of grand total hard costs in excess of the limits on a case by case basis. The following lists are examples of acceptable and non-acceptable waiver items. These lists are not meant to be exhaustive and shall not limit the Authority's discretion on hard cost waiver determinations in any way.

#### Acceptable waiver items:

- Unusually high municipal impact fees
- Municipal building codes which are significantly more stringent than those of the Authority
- Historical rehabilitation (When a non-Authority source such as Historic Tax Credits is evidenced in the financing)

#### Unacceptable waiver items:

- Wage standards
- Accessibility standards which are mandatory or for which the project has scored points.
- Green building standards which are mandatory or for which the project has scored points.

**c) General Contractor Fees**

The general conditions, overhead, and profit in a general contractor's budget are limited to fourteen percent (14%) of trade payments & site work as calculated in the Common Application.

**d) Construction Contingency**

The Application must include a construction contingency as follows:

**i. New-Construction:**

Five percent (5%) of trade payments and site work as calculated in the Common Application

**ii. Rehabilitation:**

Ten percent (10%) of trade payments and site work as calculated in the Common Application

No more than twenty-five percent (25%) of construction contingency may be included in a Project's calculation of Tax Credit eligible basis.

**e) Architect and Civil Engineering Fees**

Fees for architectural services and civil engineering are subject to the limits contained in the Authority's Standards for Architectural Planning and Construction, as amended and found on the Website.

**f) Developer Fee**

Developer fee includes all of the following which shall not appear elsewhere in the Project budget:

- Consultant fees
- Construction management fees
- Architectural and civil engineering fees in excess of the Authority's fee limits
- Developer overhead fees
- Any additional fees related to direct assistance provided to the Sponsor or Owner in conjunction with the completion of the Application or construction of the development.

A base developer fee shall be calculated at the percentages listed below on the Fee Based Costs. Fee Based Costs are the total developer costs net of total developer fee, reserves, interim costs, and syndication costs as calculated by the Common Application. The base developer fee may be reduced due to identity of interest criteria as noted below; or increased due to Project's adherence to certain policy objectives listed below.

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The Authority reserves the right to cap the total developer fee at two million dollars (\$2,000,000) for any Project receiving an Authority grant, or an Authority loan at a below market rate of interest.

Total developer fee is limited to the amount contemplated at the time of a Conditional Allocation.

**iii. Base Developer Fee**

A Project's base developer fee shall be calculated as follows:

- 5% of project acquisition; **Plus**
- 15% of first \$5 million of Fee Based Costs; **Plus**
- 12.5% of Fee Based Costs between \$5 million and \$10 million; **Plus**
- 10% of Fee Based Costs in excess of \$10 million.

**iv. Reductions to Base Developer Fee**

Reduction(s) to the base developer fee will be made if:

- An Identity of Interest between exists between the buyer and seller; and/or In this case, the base developer fee on the acquisition portion of the Project shall be calculated at 2.5% instead of 5%. **And/Or**
- Identity of Interest exists between the general contractor and the Owner. In this case, the base developer fee shall be reduced by the amount of the general contractor's overhead, as calculated in the Common Application.

**v. Increase to Base Developer Fee**

The base developer fee may be increased by three percent (3%) in Projects that meet certain policy objectives. This three percent (3%) may increase the total developer fee over the limit stated above. In order to be eligible for this increase in developer fee, the Sponsor must commit to provide to the Project the entire amount of the additional developer fee for the creation of a rental deficit reserve. This rental deficit reserve shall be held by Authority for ongoing operations, or, at the Authority's sole discretion, by the Tax Credit equity syndicator. The additional equity generated from the increase in the developer's fee can be used for the Project.

The Authority may also allow at its sole discretion, an increase over the base developer fee if the Project is able to pay the increase by deferring the additional developer fee over and above the minimum required amounts in the QAP. Projects must formally request a developer fee increase and explain how the increase will benefit the Project. The Authority will review request to increase developer fee on a case by case basis.

**g) Initial non-Marketing Rent-Up Costs**

The Application must estimate Project income generated between the initial certificate of occupancy and stabilized occupancy based on the absorption information contained in the Site and Market study and Project operating expenses including administrative, management, payroll, maintenance, utilities, and debt service payments for the same period and size an initial rent-up reserve sufficient to offset any shortfall of income to cover expenses.

**h) Furniture, Fixtures, and Equipment**

Any items included in the development budget as furniture, fixtures and equipment ("FF&E") must meet the following qualifications. The examples below are a representative list rather than a complete list, and payment of these items will be at the Authority's discretion. All items considered FF&E shall be new, or will require Authority approval if refurbished.

**i. Furniture**

Furniture includes items which are generally used by the residents, guests and staff for living and operating the project; such as beds, desks, chairs, couches, and office file cabinets.

**ii. Fixtures**

Fixtures include items which could be considered personal property but due to permanent attachment are now considered as being part of the real estate; such as window blinds and built-in cabinetry.

**iii. Equipment**

Equipment is considered as having a contributory association with the operation of the Project and is usually considered personal property as it is not readily attached to the real estate; such as computers, laundry equipment, appliances, and snow blowers.

Supplies are considered general purpose items and as such are not FF&E items. Examples of supplies are hand and power tools including power tools or other related items that could be removed from the designated shop or location, mops, cleaning solutions, trash cans, garden utensils, portable sports equipment, and computer ink and paper.

**3) Income**

**a) Residential Income**

Gross residential unit rents (inclusive of utility allowances), as calculated in the Common Application, may not exceed ninety-five percent (95%) of the rent limit imposed by any financing source, program, or other requirement unless the unit is assisted through project based rental assistance.

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Rent and income limits are available on the Website.

**b) Project Based Rental Assistance**

Projects with unit based (rather than tenant based) rental assistance must submit a copy of the fully executed rental assistance contract or a rental assistance commitment letter from the entity providing the rental assistance that includes all of the following:

- 1) The maximum percent of AMI; and
- 2) The total number of units assisted by unit type; and
- 3) The length of the rental assistance contract; and
- 4) The contract rent by unit type paid through the rental assistance. The contract rent is the maximum amount of rent paid to the Project by the rental assistance.

All underwriting assumptions regarding the funding and renewal of rental assistance contracts must be clearly identified. **State and federal rental assistance commitments cannot be conditioned on an Allocation of Tax Credits.**

Note that Applications for all Projects that have an existing federal project-based rental assistance contract on 50% or more of the units are **NOT** eligible to apply for 9% Tax Credits **unless** a Waiver of 4% Feasibility is obtained through the process outlined in Application Process Section.

**c) Other Residential Income**

Other residential income is limited to income from laundry, vending, and income associated with the provision of resident services.

Applications reflecting other residential income must describe all assumptions regarding the calculation of this income.

**d) Commercial Income**

Applications reflecting commercial income must include all existing leases or letters of intent to occupy commercial space.

**4) Expenses**

**a) Per Unit Operating Expenses**

Annual per unit operating expenses must be adequate and reasonable for the Project type, location, and population served.

Per unit annual operating expenses, excluding taxes, reserves, resident services, and debt service, as calculated by the Common Application, are expected to fall within the ranges found on the Website by Project type and Set-Aside.

All Applications must include the following operating expense information:

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- For existing Projects, historical expense information in the form of financial audits, and a written explanation of any variance between historical expenses and the proposed operating expenses; or
- For new construction Projects, Operating expense information from comparable properties, and a written explanation of any variance from expense information from the comparable properties and the proposed operating expenses

The Authority will review and determine the suitability of operating expenses outside of the expected ranges on a case-by-case basis.

**b) Compliance Fees**

The Application should include an annual Tax Credit compliance fee equal to the following:

Number of Tax Credit Units	Fee per Tax Credit Unit
1-10	\$75
11 – 19	\$150
20 or more	\$25

**c) Resident Services**

All resident services expenses must be funded from a third-party income stream such as Medicaid, McKinney Vento, Illinois Department of Health, or the Veteran’s Administration rather than Project income.

**5) Reserves**

All Projects must meet the following minimum reserve requirements:

**a) Replacement Reserve**

All Projects must capitalize a replacement reserve in the development budget based on the number of units **AND** fund ongoing per unit annual replacement reserves from operations as follows:

<u>Project Type</u>	<u>Capitalized</u>			<u>Ongoing Operations</u>
	30 or less units	31 to 49 units	50 or more units	All Projects
New Construction Elderly (including SLF’s)	\$800	\$550	\$350	\$350
New Construction non-Elderly (all units ≤ 2 BR)	\$800	\$550	\$400	\$400
All other Project types	\$800	\$550	\$450	\$450

**b) Real Estate Tax Reserves**

All Projects must capitalize real estate tax reserves in the development budget and fund ongoing annual real estate tax reserves from operations.



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The development budget must include fifty-five percent (55%) of the estimated annual real estate taxes in the first year of Project operations.

The operating budget must have adequate annual cash flow to capitalize an annual real estate tax reserve sufficient to pay the Project's real estate taxes in the following year.

The Application must include evidence of how construction period and operational period real estate taxes were estimated.

Applications for Projects assuming real estate tax abatements or exemptions for any period of time must include all of the following:

- The calculation of real estate taxes before, during, and after the abatement or exemption; and
- The anticipated date the abatement or exemption becomes effective; and
- The length of the abatement or exemption; and
- A real estate tax attorney's opinion the Project is eligible for the abatement or exemption.

**c) Insurance Reserves**

All Projects must capitalize insurance reserves in the development budget and fund ongoing annual insurance reserves from operations.

The development budget must include a reserve in the amount of one-hundred and five percent (105%) of the estimated annual insurance expense in the first year of Project operations.

The operating budget must have adequate annual cash flow to capitalize an annual insurance reserve sufficient to pay the Project's insurance expense in the following year.

**d) Other Reserves**

The Authority will review all other Project reserves to evaluate their sufficiency and reasonableness.

Projects reflecting additional reserve must describe all of the following for each reserve:

- How the reserve will be used; and
- Who is requiring the reserve; and
- How the reserve will be replenished (if required)

**6) Underwriting Standards**

Projects must demonstrate compliance with the most restrictive underwriting standards and requirements for all Project financing sources for a minimum of the initial fifteen (15) year operating period.

Minimum Authority Tax Credit underwriting standards and requirements are as follows:

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**a) Debt Service Coverage Ratio**

Projects must maintain a Debt Service Coverage Ratio, as calculated by the Common Application, of 1.15.

Project reserves cannot be used to maintain minimum debt service coverage ratios during the initial fifteen (15) year operating period.

**b) Cash Flow after Debt Service**

Projects must maintain Cash Flow after Debt Service, as calculated by the Common Application, of \$100 per unit per year.

Project reserves cannot be used to maintain minimum Cash Flow after Debt Service requirements during the initial fifteen (15) year operating period.

**c) Trending Factors**

Authority cash flow trending factors are as follows:

- Annual Increase in real estate taxes: four percent (4%)
- Annual Increase in operating expenses: three percent (3%)
- Annual Increase in income: two percent (2%)

In order to substantiate a deviation from Authority cash flow trending factors, the Application must include documentation such as historic Project operating income and expense audits.

The Authority will review and consider documentation substantiating a deviation from Authority cash flow trending factors on a case-by-case basis.

**d) Vacancy Rates**

Authority cash flow vacancy rates are as follows:

- Elderly Projects residential income: six percent (6%)
- Non-Elderly Projects residential income: eight percent (8%)
- SLF residential and service income: ten percent (10%)
- Commercial income: fifty percent (50%)

In order to substantiate a deviation from Authority cash flow vacancy rates, the Application must include documentation such as historic Project operating income and expense audits.

The Authority will review and consider documentation substantiating a deviation from Authority cash vacancy rates on a case-by-case basis.

**e) Utility Allowances**

Projects with any tenant paid utilities must include current documentation detailing the expected monthly per unit tenant utility expenses (the "Utility Allowance") incurred by utility and appliance type.

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Tenant paid utility expenses must be appropriate for the unit size, utilities and appliances covered, and Project location.

In the event a single utility covers multiple appliances, such as gas heat and cooking gas, or electric heat and electric lighting, the utility allowance must differentiate utility expenses by appliance.

Utility Allowance documentation can only be demonstrated through one of the following:

- A current Utility Allowance schedule provided by the governing public housing authority where the Project is located. If the governing public housing authority does not have a current Utility Allowance schedule for the number of bedrooms in the Project's unit types, a Utility Allowance schedule from a neighboring public housing authority and a letter of explanation may be submitted; or
- A utility survey of local utility company information covering one (1) full year that is representative of each unit type within the Project. A utility survey will only be accepted if the Project is currently operating as a residential building(s). Utility surveys of other nearby projects will not be accepted.

In any case where the Project's expected Utility Allowances are less than reflected in the Utility Allowance documentation, the Application must include a detailed description of all differences that will be evaluated on a case by case basis.

Non-essential utilities including telephone, cable television, internet access, etc., are excluded from the Utility Allowance.

## XIV) Scoring

All Applications for Projects seeking Tax Credits through the competitive selection process (9% Tax Credits), must submit the documentation required per the Scoring Checklist and detailed below. All scoring certifications are located in the QAP Scoring Certifications workbook found on the Website.

Unless otherwise indicated in this QAP, all documentation submitted must be dated within six (6) months of the Application deadline.

Projects receiving an Allocation of 9% Tax Credits will be subject to selected scoring criteria for the duration of the Extended Use Period through incorporation within the Extended Use Agreement.

### A) Project Design and Construction

#### 1) Universal Design

Projects identifying Universal Design elements to be provided within the architectural design in excess of code required Universal Design features plus five additional items defined in the Mandatory Section, as evidenced through submission of the Architectural Standards, Universal Design and Amenities Certification available on the Website, can earn up to seven (7) points as follows:

Points	Universal Design Features Beyond Code Requirements
5	Projects which select Ten (10) additional Universal Design items beyond code requirements in 50% of units
7	Projects which select ten (10) additional Universal Design items beyond code requirements in 100% of units

#### 2) Larger Units

Projects whose architectural design and construction includes larger units, evidenced through submission of the Scoring – Larger Units Certification, available on the Website, can earn up to two (2) points as follows:

	<u>Elderly Restricted Units</u>	<u>Non-Elderly Units</u>
Points	<b>Two-bedroom units as a % of Elderly restricted units</b>	<b>Three-bedroom and larger units as a % of non-Elderly units</b>
1	10.0% - 14.99%	25.0% - 49.9%
2	15.0% - or more	50.0% or more

For Projects serving both Elderly and non-Elderly populations, points are not cumulative and are limited to the lowest score by population.

### 3) Historic Significance

Historically significant Projects can earn one (1) points as follows:

Points	Historic Significance
1	Project involves historically significant elements as determined by the National Register of Historic Places, a local landmarks jurisdiction, local historic district, or the Illinois Historic Preservation Agency

Evidenced through submission of all of the following:

- 1) Scoring—Historic Significance Certification, available on the Website
- 2) Documentation confirming the Project contains historically significant elements from at least one of the following:
  - The National Register of Historic Places
  - A local landmarks jurisdiction
  - A local historic district
  - The Illinois Historic Preservation Agency

### 4) Cost Containment

A Project can earn four (4) points for achieving the lowest hard construction costs in the Project's Set-Aside as defined in Section V) of the QAP. Only Projects with costs below the grand total hard cost limits as set forth in the Mandatory Section P) are eligible for consideration under the Cost Containment category.

Projects will be ranked within each Set-Aside in four categories: 1) total hard construction costs; 2) total hard construction costs per unit; 3) total hard construction costs per square foot; and 4) building efficiency (equal to the rentable residential square footage divided by the total Project square footage). Rankings will be added up, and sorted by new construction and rehabilitation construction type. Projects with the total lowest rankings in the cumulative four categories in each construction type will receive four (4) points under this category.

In the event that the costs increase any time between Reservation and 8609, such that the Project would have not received the points for Cost Containment, such change will be considered as part of the Unfavorable Practices review and could negatively impact future Applications to the Authority.

## B) Energy Efficiency and Sustainability

### 1) Green Initiative Standards

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Projects whose architectural design and construction meet or exceed green initiative standards, evidenced through submission of the Scoring - Green Initiatives Certification, available on the Website, can earn up to three (3) points as follows:

Points	Green Initiative
1	<ul style="list-style-type: none"> <li>• Commit to obtaining EPA Energy Star certification –<b>or</b>-</li> <li>• Minimum 10% improvement for new construction (5% for rehab) above ASHRAE 90.1 2010 proven by a completed energy model, -<b>or</b>-</li> <li>• HERS rating of 75 or lower</li> </ul>
2	Commit to obtaining a sustainable building certification from one of the following: <ul style="list-style-type: none"> <li>• U.S. Green Building Council LEED certification -<b>or</b>-</li> <li>• Enterprise Green Communities 2015 certification -<b>or</b>-</li> <li>• ICC 700 National Green Building Standard certification</li> </ul>
3 2) 2 )  R e h	Meet minimum standards in the Authority Standards for Architectural Planning and Construction indicated for Energy Efficiency and Green Criteria; <b>and</b> Commit to obtaining a sustainable building certification from one of the following: <ul style="list-style-type: none"> <li>• Passive House Certification through PHIUS or PHI –<b>or</b>-</li> <li>• Certification through Living Building Challenge –<b>or</b>-</li> <li>• Alternative certification for a high performance building achieving ‘Net Zero Capable’ status as approved by the Authority.</li> </ul>

**2) Rehabilitation**

Projects that involve the rehabilitation of existing buildings, as evidenced through the Scoring – Rehabilitation Certification available on the Website, can earn up to seven (7) points as follows:

Points	Percentage of Hard Residential Construction Costs Attributable to Rehabilitation:
3	25.0% - 49.99%
5	50.0% - 74.99%
7	75.0% or more

### C) Community Characteristics

#### 1) Market Characteristics

Projects can earn up to three (3) points for market characteristics as follows:

Points	Market Characteristics
-3	Inferior
-2	Scoring of market factors (discussed below and in detail in the Standards for Market Study Reviews and Professionals, available on the Website) reflect market conditions that are not conducive to the proposed Project.
-1	
0	<b>Appropriate</b> – Market is considered to be appropriate for the proposed Project and should not pose any obstacle towards renting up and sustaining occupancy
1	Scoring of market factors (discussed below and in detail in the Standards for Market Study Reviews and Professionals, available on the Website) reflect market conditions that benefit the proposed Project.
2	
3	Superior

Evidenced through submission of the following:

- 1) Scoring – Market Characteristics Certification, available on the Website, and
- 2) Site and Market Study, and complete Site and Market Study Summary Form available on the Website submitted in the Mandatory Section.

The original Site and Market Study should be no more than 6 months old at the time it is submitted to the Authority, and must reflect the most current parameters for the Project being proposed. After the 6-month timeframe, a study update can be performed and may be submitted up to 12 months beyond the date of the original study. The update must be attached to, and submitted with, the original study.

Updates should include any relevant changes in demographic data and updated comparable property information including rents, occupancy levels and waiting list. Any changes to planned activities in the area should also be included in an update to the Site and Market Study.

Any substantive Project changes (to unit count, mix, income restrictions, targeting, etc.) may nullify the permission to update a pre-existing Site and Market Study.

The Market Characteristics review will yield a score range of -3 to +3 points. The Authority expects the typical score to be zero (0), indicating an appropriate market. Applications will only be permitted to self-score a zero (0). The score may increase or decrease based on the following:

- Tenant type and income targeting of the proposed as a percentage of affordable housing in the PMA;

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- Unit mix, unit size and proposed rent as compared to the existing market and to comparable properties are appropriate for targeted populations (s) and competitive within the market;
- Level of amenities (development and in-unit) as compared to the existing comparable properties;
- Marketability / visibility of the project and/or planned marketing techniques;
- Increase, decrease or stability of households, population, and employment (when appropriate) in the primary market area; and
- Penetration rate, capture rate and demand

A full description of the evaluation characteristics and criteria is included in the Site and Market Review and Scoring Explanation, contained in the Authority's Standards for Market Study Review and Professionals, available on the Website.

## **2) Priority Community Targeting**

Projects can earn up to ten (10) points for Priority Community Targeting in **Either**: a) Opportunity Area; **OR** b) Community Revitalization Efforts categories below.

### **a ) Opportunity Area**

Projects that are located in an Opportunity Area, as evidenced through submission of a Scoring – Opportunity Areas Certification can earn up to ten (10) points. Projects proposed as scattered Site developments that include at least one Site located in a qualified IHDA Opportunity Area will be scored pro-rata, based on the proportion of total units that will be located in an Opportunity Area.

Opportunity Areas and the methodology used in their determination are revisited on an annual basis. Determination methodology and the current Opportunity Area listings are discussed in full on the Website.

**Proximate Opportunity Areas** - The Authority will consider on a case-by-case basis the eligibility for Opportunity Area points for Projects located within close proximity to the designated Opportunity Areas.

To be considered as a proximate Opportunity Area, a formal letter (as well as supporting evidence) requesting consideration must be submitted with the Preliminary Project Assessment (PPA) submittal and reflected on the PPA Form. Submitted documentation will be reviewed and approved PPAs will be notified of their Proximate Opportunity Area status with the approval of the PPA.



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Strict geographic parameters determine eligibility for the Proximate Opportunity Area review. These parameters as well as suggested methodologies for demonstrating eligibility are discussed on the Website.

**b) Community Revitalization Efforts**

Preserving the balance of affordable housing in Opportunity Areas as well as in distressed community areas, allowing the greatest amount of choice for low-income households to access quality housing is an important goal of the QAP. Thus Community Revitalization Efforts that are likely to lead to measureable increases in the following are eligible for up to ten (10) points.

- Access to employment and living wage jobs;
- Access to healthcare and supportive services;
- Access to a range of community amenities, including (but not limited to) parks, schools, groceries, businesses, and retail locations;
- Access to transportation;
- Improvement in the quality of housing stock; and
- Affordable housing opportunities

To be eligible for up to ten (10) points in this category, Projects cannot receive points in the Opportunity Area Section above, and must meet the Community Revitalization Effort component thresholds found on the Website.

**3) Affordability Risk Index**

Projects that are located in a census tract(s) meeting the criteria listed below, as evidenced through submission of a Scoring – Affordability Risk Index Certification can earn up to five (5) points.

A list of the census tracts, their relative rates of change and their Affordability Risk Index score and supporting data can be found in the Affordability Risk Index Data on the Website.

Projects that are scattered site with at least one site in a scoring census tract will receive a pro-rata score based on the proportion of total units located in a scoring census tract. Fractional scores will be rounded up to the next whole number.

The Affordability Risk Index provides for scores for each census tract based on specific factors, all included in U.S. Census documents, and their relative rates of change between the data provided in the 2000 decennial census and the 5-year 2013 American Community Survey. IHDA will revisit the determination strategy and the factors used in the determination of scores in the Affordability Risk Index on an annual basis. A full discussion of current Affordability Risk Index methodology and the list of the current scores by Census Tract are included on the Website.

**4) Transportation**

Projects with access to alternative forms of transportation can receive up to four (4) cumulative points as follows:

Points	Transportation Type
1	<p><b>Transit Oriented Development</b> All Sites are located within a completed, in-process, or programmed RTA-Transit Oriented Development site (“TOD”).</p> <p><b>-or-</b> For Sites that are located outside of the RTA – Transit Oriented Development Program of Northeastern Illinois, a local Transit Oriented Development plan which clearly includes additional housing as an initiative of the plan and is located within ½ mile of a major transportation hub may be submitted.</p>
2	<p><b>Mass Transit or Demand Responsive Transit (“DRT”)</b> All Sites are located within 0.25 miles of a fixed route transit stop defined as buses and trains serving local destinations beginning no later than 8am and ending no earlier than 6pm, Monday through Friday;</p> <p><b>-or-</b> All Sites are served by a DRT service beginning no later than 8am and ending no earlier than 6 pm, Monday through Friday. DRT must be available to the public at large; that is, it may not be restricted to service for the elderly or disabled.</p>
1	<p><b>Car Sharing</b> All Sites are located within 0.5 miles of a car share vehicle (Zip Car, U Care Share, I Go Cars, Hertz 24/7) or proposing a car share vehicle on-site</p>

Evidenced through submission of the following:

- 1) Scoring – Transportation Certification available on the Website
- 2) Map(s) clearly delineating all Sites and distance to the nearest fixed route transit stop and/or car share vehicle location.
- 3) Printed documentation from the RTA TOD website (<http://rtams.org/TODViewer>) which shows the location of the Site within the TOD study area, the specific name of the TOD, and an electronic copy of the TOD Plan. If Site is located outside the RTA area, a printed TOD Plan with site location clearly delineated within the boundaries of the plan and reference to additional housing as an initiative of the plan clearly highlighted or marked.
- 4) Documentation of transit fixed route stop, such as route map.
- 5) Documentation of car share vehicle location such as a screen capture/printed copy of the car share provider website or letter from the car share provider affirming the location (s). If car sharing is proposed on Site, documentation from car share provider of willingness to place car share vehicle on Site.

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6) Documentation verifying DRT service meets all of the above requirements. Acceptable forms of documentation include a screen capture/printed copy of the DRT service website or letter from the DRT service affirming the hours of operation, service area and population served.

**Scattered Site Projects must submit documentation for all Sites.**

**5) Neighborhood Assets**

Projects with Sites that have desirable neighborhood characteristics and amenities located within their set-aside proximity radius can earn up to five (5) points as follows:

<b>Proximity Radius by Set-Aside</b>	
City of Chicago	0.25
AHPAA	0.5
Chicago Metro (non-AHPAA)	0.5
Other Metro	0.75
Non-Metro	1.0

Points	Category	Threshold
1	Grocery Stores	All Sites are located within the proximity radius of a full service grocery store where fresh meat and fresh produce are sold
1	Education	Non-Elderly: All Sites are located within the proximity radius of a public school. Tuition-based schools and selective enrollment schools do not qualify.  Elderly: All Sites are located within the proximity radius of a community college, community training center, or continuing education center that offers adult education courses targeting elderly populations.
1	Recreation	All Sites are located within the proximity radius of a public library, public park with playground equipment, park district facility or field house, or a public swimming pool.
1	Health Services	All Sites are located within the proximity radius of a pharmacy and a doctor's office, health clinic or hospital. Health Services that are not acceptable include home health services, nursing homes and assisted living facilities, clinical labs and diagnostic services, hospice services.
1	Social Services	Non-Elderly: All Project Sites are located within the proximity radius of a NAEYC-accredited daycare, workforce investment center, community college, or job training center

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		Elderly: All Project Sites are located within the proximity radius of a public senior center providing Elderly Services
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Evidenced through submission of all of the following:

- 1) Scoring – Neighborhood Assets Certification, available on the Website
- 2) Map(s) clearly delineating all Sites and distance to the Neighborhood Asset
- 3) Documentation of NAEYC accreditation which can be found on the NAEYC Website - <http://families.naeyc.org/find-quality-child-care>
- 4) Documentation of courses offered for adult education programs available to seniors
- 5) The applicable proximity radius around the Site

**6) Jobs to Population Ratio**

To deepen the connection of a Site and the opportunity of jobs in a community, the Authority has developed the “jobs to population ratio” which demonstrates the number of jobs per 100 people that are located in a census tract. Projects Sites in census tracts that have a higher ratio, as evidenced through submission of the Scoring - Jobs to Population Ratio Certification, available on the Website, can earn up to two (2) points as follows:

Points	Jobs to Population Ratio
1	Between 40% and 60%
2	Higher than 60%

For this determination, the total number of jobs in a census tract is divided by its population to create a percentage that can be compared across geographies. If a project has multiple sites, at least 50% of the units must be in qualifying census tracts to receive points.

The jobs to population ratio for each community can be found on “Authority Jobs to Population Ratio” on the Website.

**D) Development Team Characteristics**

**1) Illinois Based and Illinois Based Minority-, Female-, or Persons with Disabilities Participation**

Projects whose Participants’ place of business has been located in the State for a minimum of two (2) years, and those certified under the Illinois Business Enterprise Program for Minorities, Females, and Persons with Disabilities, can earn up to three (3) points as follows:

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Points	Participant
1	Illinois Based general contractor or Illinois based property manager
2	Illinois Based general contractor or Illinois property manager; <b>AND</b>  Illinois based MBE/WBE general contractor <b>-or-</b> Illinois based MBE/WBE Architect of Record <b>-or-</b> Illinois based MBE/WBE property manager
3	Illinois Based general contractor or Illinois based property manager; <b>AND</b>  Illinois Based MBE/WBE general contractor, <b>AND</b>  Illinois based MBE/WBE Architect of Record <b>-or-</b> Illinois based MBE/WBE property manager

Evidenced through submission of all of the following for each Participant:

- 1) Scoring—Illinois Based or Illinois Based Minority Female or Persons with Disabilities Participation Certification, as applicable; and
- 2) The Secretary of State’s Certificate of Good Standing for each Participant; and
- 3) Current certification from the Illinois Department of Central Management Services - Business Enterprise Program for Minorities, Females, and Persons with Disabilities

**2) Non-profit Corporation Participation**

Projects that involve the participation of a Qualified Non-Profit Corporation can earn up to three (3) non-cumulative points as follows:

Points	Participation of Qualified Non-Profit Corporation
1	Material Participation in the development and operations of the Project through the entire Extended Use Period
2	Ownership interest of at least twenty-five (25%) in the general partner or non-investor member of the Owner that includes a distribution of financial benefits equal to or greater than the ownership interest through the entire Extended Use Period
3	Ownership interest of one-hundred (100%) in the general partner or non-investor membership of the Owner through the entire Extended Use Period

Evidenced through submission of all of the following:

- 1) Scoring – Non-Profit Corporation Participation Certification, available on the Website
- 2) The Qualified Non-Profit Corporation’s IRS determination letter; and

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- 3) The Qualified Non-Profit Corporation's Articles of Incorporation or By-Laws which evidence the fostering of low-income housing as an exempt purpose. The section of Articles or By-Laws which evidence the fostering of low-income housing as an exempt purpose should be clearly marked and highlighted; and
- 4) A written narrative detailing the Material Participation of the Qualified Non-Profit Corporation in the Project including the number of hours and corresponding activities that will be undertaken on a quarterly basis. This point is not applicable if the Qualified Non-Profit Corporation has 100% ownership interest in the general partner or non-investor membership of the Owner.

### **3) Unfavorable Practices**

All Applications must include the Scoring - Unfavorable Practices Certification, available on the Website.

Projects may lose up to nine (9) points if at any time within the two (2) years prior to the date of the Application a Participant has been involved in a regulated affordable housing development in which any of the following unfavorable practices apply:

#### **Application**

- Continual record of incomplete submissions in response to Mandatory Section
- Application which self-scores in the Scoring Section at 30 points or below
- Failure to comply with any representations made in an Application
- Failure to utilize any Authority allocated resource within program time guidelines
- Return or revocation of Tax Credit Reservation

#### **Construction**

- Failure to construct or rehabilitate according to the governing Standards for Architectural Planning and Construction
- Failure to construct or rehabilitate according to selected Mandatory and/or Scoring items.
- Failure to construct or rehabilitate based on construction budget submitted with original application that resulted in additional Authority resources.

#### **Compliance**

- Negative results on any physical inspection.
- Failure of a property to meet the terms, conditions, and requirements received at its certification as being suitable for occupancy in compliance with state or local law.
- Failure to meet terms of executed Authority documents.
- Filing of an IRS form 8823.
- Change in general partner or managing members of the ownership entity of a Project in which a participant was awarded Tax Credits within the past two (2) years which was not approved in advance by the Authority pursuant to the terms of any loan

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documents, including any extended use or regulatory agreements, and the Authority's policies and procedures regarding such changes.

- Failure to submit a copy of the owner's fully executed form 8609 showing the first year filing within one year.
- Failure to pay any loan payment, fee or expense due to the Authority within the past two (2) years.
- Failure to request forms 8609 for new construction projects within one year from the date the last building in the project is placed-in-service, or for acquisition/rehabilitation projects, one year from the date on which the rehabilitation was completed.
- Failure to promptly notify the Authority of any property management change.
- Any liens or claims exist against a Project in which a Participant maintains an ownership interest and the Participant, or the ownership of the Project, has not satisfied the lien or claim or has not demonstrated to the Authority that the lien or claim will be resolved within a reasonable time period, as determined by the Authority in its discretion.
- Failure to meet terms of any negotiated settlement with the Authority.
- A Participant is affiliated with existing developments which have been cited for material and/or continuing, but curable, noncompliance including, but not limited to the following:
  - Delinquent audits or financial statements (30 days past extension)
  - Delinquent decent, safe, and sanitary certifications
  - Delinquent income/rent and other compliance certifications
  - Failure to comply with the terms and conditions of the SRN units
  - Failure to cure physical inspection findings within required timeframe
  - Delinquent hazard/liability insurance
  - Delinquent budgets or monthly operating reports
  - Delinquent utility allowance reviews
  - Delinquent submission of management agreements
  - Delinquent submission of Tax Credit compliance documentation
  - Delinquent submission of tenant selection plan or asset management plan updates
- A Participant has been debarred under or suspended from or has been issue a limited denial of participation in any government program by any local, state or federal government agency within the past two (2) years.

In the event any of the above unfavorable practices apply to any Participant, the Scoring – Unfavorable Practices Certification must include an explanation of the circumstances surrounding the unfavorable practice as it relates to the role of the Participant.

Projects unable to submit a general contractor for evaluation at the time of Application due to a public competitive bidding requirement will receive a general contractor score prior to closing. Any general contractor scoring below zero (0) will not be acceptable.

**E) Financial Characteristics**

**1) Rental Assistance**

Projects with unit based (rather than tenant based) State, federal, or local rental assistance ensuring tenants pay no more than thirty (30%) of their income towards rent and utility expenses combined may be eligible for points in this category. In no cases can rental assistance be funded from the development budget or operating budget of the Project.

**Examples of Rental Assistance**

- Project Based Vouchers from a PHA, including those allocated by RHI
- HEARTH Act (previously McKinney-Vento)
- Bridge Rental Subsidy Program
- Rural Development- Rural Rental Assistance
- Veterans Affairs Supportive Housing (VASH) or Veterans Affairs Per-Diem
- Rental Housing Support Program
- Municipal assistance
- Other State, federal, or local sources as determined by the Authority

**a) Existing Rental Assistance**

Projects with existing unit based (rather than tenant based) State, federal, or local rental assistance, as evidenced through submission of an executed rental assistance contract for the existing property can cumulatively earn up to five (5) points as listed below.

		<b>Existing Federal, State, and Local Rental Assistance</b>		
		<u>Length of Remaining Assistance (years)</u>		
% of Total Units Assisted		< 9	10 or more	
		5.00% - 25.00%	2	3
		25.01% or more	3	5

Evidenced through submission of all of the following:

- 1) Scoring – Rental Assistance Certification, available on the Website, and
- 2) A copy of the fully executed rental assistance contract from the entity providing the rental assistance that includes all of the following:
  - the maximum percentage of AMI; and
  - the total number of units assisted by unit type; and



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- the length of the rental assistance contract; and
- the contract rent by unit type paid through the rental assistance. The contract rent is the maximum amount of rent paid to the Project by the rental assistance.

**b) New Rental Assistance**

Projects with new unit based (rather than tenant based) rental assistance ensuring tenants pay no more than thirty (30%) of their income towards rent and utility expenses combined, evidenced through submission of a rental assistance commitment can cumulatively earn up to ten (10) points as listed below. Renewal of an existing rental assistance contract to the property is not considered new rental assistance under this category.

New State, federal or local rental assistance commitments cannot be conditioned on an Allocation of Tax Credits.

		<b>New Federal, State, and Local Rental Assistance</b>	
		<u>Length of Remaining Assistance (years)</u>	
% of Total Units Assisted		< 9	10 or more
	5.00% - 25.00%	3	5
	25.01% or more	5	10

Evidenced through submission of all of the following:

- 3) Scoring – Rental Assistance Certification, available on the Website, and
- 4) A executed rental assistance commitment letter from the entity providing the rental assistance that includes all of the following:
  - the maximum percentage of AMI; and
  - the total number of units assisted by unit type; and
  - the length of the rental assistance contract; and
  - the contract rent by unit type paid through the rental assistance. The contract rent is the maximum amount of rent paid to the Project by the rental assistance.

**2) Leveraging Authority Resources**

Projects whose budgets include leveraging resources that are available during the construction period to pay for expenses reflected in the development budget and remain in the Project after

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construction (i.e. permanent financing), available on the Website, can earn up to five (5) points as follows:

<b>Points</b>	<b>Leveraging Resources as a % of the total Project budget</b>
1	5.00% - 9.99%
2	10.0% - 19.99%
4	20.0% - 29.99%
6	30.0% - 39.99%
8	40.0% - 100%

<u>Leveraging Resources</u>	<u>Non-Leveraging Resources</u>
Funds provided by a non-Authority source (e.g. Private lender loans, Federal Home Loan Bank, Illinois Department of Commerce and Economic Opportunity, municipal financing)	Funds generated by Authority allocated resources (i.e. tax-credit equity)
Authority funds with a market rate of interest	Authority funds with a non-market rate of interest
	Loans that are repaid from Authority allocated resources (i.e. bridge loans)
	A seller's financing note
	Funds from a Project Participant, including deferred developer fees

Evidenced through submission of

- the Scoring—Leveraging Authority Resources Certification, available on the Website, and
- Project financing documentation meeting Evidence of Project Financing Mandatory Section requirements for all leveraging resources.

**F) Housing Policy and Objectives**

**1) 30 Percent (30%) Area Median Income Housing**

Projects providing units with rents restricted to the 30% AMI limit and occupancy restricted to households with incomes at or below 30% of AMI, evidenced through submission of the Scoring – 30 Percent AMI Housing Certification, available on the Website, can earn up to six (6) points as follows:

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<b>Points</b>	<b>30% AMI units as a % of the total Project units</b>
1	5.00% - 9.99%
3	10.0% - 19.99%
6	20.0% or more

**2) Statewide Referral Network Units**

Projects that include Statewide Referral Network Units, evidenced through submission of the Scoring – Statewide Referral Network Units certification, and a draft of the Statewide Referral Network Agreement, both available on the Website can earn up to ten (10) points as follows:

<b>Points</b>	<b>Statewide Referral Network Units as a % of the total Project units</b>
3	10.00% - 14.99%
5	10.00% - 14.99% and located in a Statewide Referral Network community of preference
6	10.00% - 14.99%, and located in a Statewide Referral Network community of preference, and commits to Property Manager’s software able to communicate with TRACS
7	15.00% or more
9	15.00% or more and located in a Statewide Referral Network community of preference
10	15.00% or more, and located in a Statewide Referral Network community of preference, and commits to Property Manager’s software able to communicate with TRACS

Statewide Referral Network priority areas have been identified by the Statewide Housing Coordinator, as listed on the “Statewide Referral Network community of preference”, found on the Website. Priority areas are those that have an evidenced demand for the Statewide Referral Network units based on anticipated nursing home transitions from the Money Follows the Person Medicaid Program, the Williams v. Quinn Consent Decree, the Colbert v. Quinn Consent Decree, the Ligas v. Quinn Consent Decree, or the closures of State Operated Developmental Centers.

Information on the TRACS system and software able to communicate with the TRACS system can be found at

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/trx/trxsum](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxsum)

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Note: Projects seeking points in this category should carefully review the definition of State Referral Network Units and understand the requirements and implications. Projects seeking points in this category are strongly encouraged to develop relationships with social service providers to understand the housing barriers that Supportive Housing Populations face and ways a Project can mitigate those housing barriers. Projects seeking points in this category will be required to submit and receive approval of a Statewide Referral Network Agreement, available on the Website, prior execution of an Extended Use Agreement.

**3) Coordination with Veteran’s Services**

Projects providing housing which is coordinated with veteran’s services can earn up to five (5) points as follows:

Points	Scoring Threshold
3	Coordination with veteran’s services, through local Department of Veterans Affairs Supportive Services for Veterans Families (SSVF) awardees, local Illinois Veteran Service Officer or U.S. Department of Veterans Affairs
5	Coordination with veteran’s services through local Department of Veterans Affairs Supportive Services for Veterans Families (SSVF) awardees, local Illinois Veteran Service Officer or U.S. Department of Veterans Affairs <b>–AND–</b> commitment of federal, state, or local project based rental assistance, including U.S. Department of Veteran’s Affairs Supportive Housing (VASH) vouchers

Evidenced through submission of all the following:

- 1) Scoring – Coordination with Veteran’s Services Certification, available on the Website; and
- 2) Written confirmation from local Department of Veterans Affairs Supportive Services for Veterans Families (SSVF) awardees, local Illinois Veteran Service Officer or U.S. Department of Veteran’s Affairs detailing:
  - How coordination will occur with Project; and
  - What services are provided; and
  - What funding source is used to pay for these services; and
  - The capacity of the organization to provide services to any Project tenants.

A list of Department of Veterans Affairs Supportive Services for Veterans Families (SSVF) awardees can be found on the Website.

The Illinois Department of Veterans Affairs listing and map of locations can be found at <https://maps.google.com/maps/ms?ie=UTF8&hl=en&msa=0&msid=103591904087477906918.00046209f7e7827b062e2&ll=40.245992,-89.362793&spn=5.382338,16.962891&z=6&dg=feature>.

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The US Department of Veterans Affairs [can be found at  
http://www.va.gov/directory/Guide/state.asp?dnum=ALL&STATE=IL](http://www.va.gov/directory/Guide/state.asp?dnum=ALL&STATE=IL)

Applications for Projects that are unable to obtain written confirmation from local Department of Veterans Affairs Supportive Services for Veterans Families (SSVF) awardees, local Illinois Veteran Service Officer or U.S. Department of Veteran's Affairs but have made efforts to obtain such written confirmation should include a description of the efforts used to obtain Veteran's Services for the Project. The Authority will review the documentation and may award points to Projects that have made best efforts.

3) Commitment for federal, state, or local project based rental assistance, or from the U.S. Department of Veteran's Affairs Supportive Housing (VASH) vouchers that includes:

- The maximum percentage of Area Median Income; and
- The total number of units assisted by unit type; and
- The length of the rental assistance commitment; and
- The contract rent by unit type.

#### 4) **Qualified Contract**

Projects willing to waiver the right to a Qualified Contract throughout the 30 year term of the EUA, as evidenced by the Scoring – Qualified Contract Certification available on the Website will receive two (2) points.

#### G) **Tiebreaker Criteria**

In the event that two (2) or more Projects have an equal number of points, the following will be used to determine selection:

1) **First Tiebreaker:** Projects which are in a Qualified Census Tract and the development of which contributes to a concerted community revitalization plan.

The Project which is wholly in a Qualified Census Tract and which has scored a minimum of 3 point under Scoring C) 2) B) ii) Community Revitalization Effort Scoring. If a tie still remains;

2) **Second Tiebreaker: Tenant Populations of Individuals with Children**

Projects that serve populations of individuals with children. If a tie still remains;

3) **Third Tiebreaker: Tenant Homeownership**

Projects that are intended for eventual tenant ownership.