

**2018-2019 Preliminary Project Assessment Review Parameters:**

This document describes the various reviews that will be conducted for projects submitted for LIHTC PPA approval in conjunction with the 2018-2019 QAP. Appropriate contact information has been included for each review section.

**Project Site** and **Project Market Reviews** will be conducted independently. The areas of review for both of these field reviews are as follows:

	<b>Site Review (Contact Multifamily Finance 312-836-7403):</b>	<b>Market Review (Contact Strategic Planning and Research (SPAR) 312-836-5383):</b>
<b>Review Area</b>	Project Parcel(s), access ways direct to parcel(s), immediate surrounding parcels.	<p>Primary Market Area* is determined as a combination of Census Tract(s) (for data aggregation purposes) by a logical assemblage of adjacent census tracts and/or by further specifying via a 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.</p> <p><i>* Determined for purposes of PPA review only, does not need to be the same PMA used in the Site and Market Study</i></p> <p>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.</p>
<b>Data and Indicators</b>		<p>All indicators listed on IHDA website here:  <a href="https://www.ihda.org/wp-content/uploads/2016/03/SPARLink8-2016PPADDataandMetricsChart_000.pdf">https://www.ihda.org/wp-content/uploads/2016/03/SPARLink8-2016PPADDataandMetricsChart_000.pdf</a></p> <p>Indicators are drawn based on Census Tracts that fit in PMA. All indicators are drawn from publicly available data, but any indicator that has been changed in any way is published as a widget on the IHDA website (see: ARUS; ARI; Opportunity Areas)</p>
<b>Review of IHDA Compatibility</b>	<b>Populations</b> - Is the targeted population one that IHDA has targeted via <b>Qualified Allocation Plan</b> or via the <b>Housing Task Force</b> or <b>Annual Comprehensive Housing Plan</b> ? ( <a href="https://www.ihda.org/about-ihda/state-housing-planning-reports/">https://www.ihda.org/about-ihda/state-housing-planning-reports/</a> )	
	<b>Focus Areas</b> - Does the project address any of IHDA's stated Planning Goals or Focus areas from the Annual Comprehensive Housing Plan (Revitalizing Communities; Supportive Housing; Innovative Use of Resources; and Leadership and Capacity)?	
	<b>Construction Type</b> - Is the proposed building or rehabilitation type consistent with IHDA standards? Does the reviewer anticipate higher development costs? Are there any indicators that the project may not work as proposed?	<b>Occupancy</b> - are there any Affordable Housing developments in the PMA that serve the same populations that are experiencing occupancy issues?
	<b>Potential Compatibility Issues</b> - Does the review team anticipate that the project design or site may present problems for IHDA's mission or moving forward through the approval or closing process?	<b>IHDA Market Share</b> – total number of rental units financed by IHDA in a market area divided by the total number of rental units for the market area. IHDA views an IHDA Market Share of 10% or higher for a particular market area as a possible indicator of over-concentration.
	<b>Innovation</b> - Does the project - as submitted - seem to represent an innovation either architecturally or in terms of context to the site?	<b>Affordable Market Share</b> –total number of rental units financed or subsidized by IHDA, HUD, and/or USDA in a market area divided by the total number of rental units for the market area. IHDA views an Affordable Market Share of 20% or higher for a particular market area as a possible indicator of over-concentration.
		<b>Affordable Rental Unit Concentrations</b> – estimate of rental units affordable to a variety of income levels produced from ACS 5-year data regarding actual rents being charged, regardless of subsidy, in project census tract (or census tract + adjacent census tracts) for the market area. <i>Affordable Rental Unit Survey</i> is published annually on the IHDA website here: <a href="https://www.ihda.org/developers/market-research/affordable-rental-unit-survey/">https://www.ihda.org/developers/market-research/affordable-rental-unit-survey/</a>

<b>Project Viability</b>	<b>Project Fit / Compatibility</b> - As submitted for the PPA, does the proposed seem to fit with surrounding uses? Does the reviewer anticipate that the project will complement the neighborhood construction types or does this seem to clash with the land uses around it?	<b>Market Trend Overview</b> - How do the market trends drawn for this project compare to the trends on the county or state level? Are there major changes to be aware of? Are there any data points that indicate potential market flaws?
	<b>Environmental Issues / Hazards</b> - Do any obvious environmental hazards present themselves on the site? Is the site in a flood plain? Do there appear to be any wetlands or standing water on the site? Is there any evidence of hazardous waste or former uses that may be incompatible? Is the project located in a brownfield?	<b>Affordable Risk Index</b> - An indicator of market change and the potential for losing needed affordability within changing markets. Projects will not be penalized for low ARI scores; high ARI scores may override other market concerns. ARI is found here: <a href="https://www.ihda.org/developers/market-research/affordability-risk-index/">https://www.ihda.org/developers/market-research/affordability-risk-index/</a>
	<b>Physical Issues / Barriers</b> - Are there physical issues on the site that may pose a safety risk for the proposed development? Physical issues can include, but are not limited to power-lines, train tracks, bisecting roads, and ditches.	<b>Opportunity Index</b> - Can demonstrate strengths and weaknesses within a market. Projects that are targeting areas of need within the market may be given preference for moving forward in the process. <i>THE OPPORTUNITY INDEX TOOL IS CURRENTLY UNDERCONSTRUCTION AND WILL BE POSTED ON THE IHDA WEBSITE UPON COMPLETION</i>
	<b>Use of Space</b> - Does the project as laid out take advantage / maximize of the parcel(s)?	<b>QCT / R/ECAP Determination</b> - Is the project in a Qualified Census Tract (as published by HUD) or a Racially or Ethnically Concentrated Area of Poverty (as published by HUD)?
	<b>Site Access</b> - Is there easy / intuitive vehicular access to site? Does the project provide walkability features that are geographically appropriate and relevant?	<b>Opportunity Area / Proximate Opportunity Area</b> - Does the project qualify for Opportunity Area points? (see below for Proximate Opportunity Area determination criteria).
		<b>Relationship to PMA</b> - How close are amenities and services within the PMA? Does the project location within the market make sense for the population? Is the project located in an appropriate area for Affordable Housing Development? Are there better locations within the market for Affordable Housing?
<b>Supporting Planning Documentation</b>	<b>Optional</b> - In the event that land-use or zoning documents are submitted, do these documents note the site as appropriate for the intended use?	<b>Optional</b> - Recommended for projects that may be located in areas of heavy Affordable Housing Concentrations, QCTs or R/ECAPs, or areas where market metrics may not reflect a healthy environment for development. Details provided below.

Clarification of Supporting Planning Documentation –

Sponsors have the option of providing evidence of the need for a project by submitting documentation that provides context outside the numbers based review used to determine the IHDA Compatibility and Project Viability (see above). This documentation is NOT REQUIRED, but could be necessary to obtain a PPA approval. The supporting planning documentation submitted for a PPA is not required to meet the same standards as plans submitted for Community Revitalization Strategies scoring (though plans submitted for that scoring review could also be submitted for PPA review). Submission of supporting planning documentation 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.

To be considered, all submittals of Supporting Planning Documentation **must** meet the following criteria:

- A summary letter explaining the submitted documentation and including (where applicable) the relevant page references;
- A defined coverage area that includes 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;

Whenever possible, all Supporting planning documentation should include the following:

- All relevant planning documentation (the entire plan(s) is most welcome);
- 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;
- 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.

***For further questions on Optional Planning Documentation (including a pre-PPA conversation regarding whether or not supporting documentation may be needed), please contact IHDA's SPAR Department at 312-836-5383.***

The **Preliminary Financial Feasibility** review is a review of basic and preliminary budgets to check the following:

- 1) Do the requested LIHTC amounts appear to exceed Authority limits?
- 2) Does the budget appear reasonable given the scope of work, construction type, and location?
- 3) Are there soft funds needed to complete this project? Are the soft funds going to be requested from IHDA? Is the soft fund request outside of IHDA's published limits?
- 4) Has the timing of / applications for other subordinate resources been considered?

Projects will not be denied on the PPA level for financial feasibility concerns, but the preliminary concerns may be noted directly. 312-836-7403

***For further questions on the Preliminary Financial Feasibility Review, please contact IHDA's Multifamily Finance Department at 312-836-7403.***

The **Development Team Review** is a review of key development team members and their ability to complete the project at hand. This review – at the PPA level - will be conducted on the following development team entities only:

- Project Sponsor;
- Not-For-Profit participant;
- Property Manager

Additional development team members may be reviewed at the request of the applicant. Projects will not be denied on the PPA level for concerns with the development team. The purpose of this review is to identify concerns with the development team based on recent experiences with IHDA only that could stop a project from proceeding smoothly towards closing. This review could result in a concern being noted at approval.

***For further questions on the Preliminary Development Team Review, please contact IHDA's Multifamily Finance Department at 312-836-7403.***

**Opportunity Area and Proximate Opportunity Area Determinations** are also conducted on the PPA level, though the outcome of this review has no bearing of PPA approval status. The Authority will utilize the PPA review period to confirm a Project's location in an Opportunity Area or to determine a Project's location in a Proximate Opportunity Area as defined in the Scoring Section XIV)(C)2)a).

To be considered under the Proximate Opportunity Area 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, conditional approval, or denial of the PPA.

***For further questions on The Opportunity Area and Proximate Opportunity Area Review, please contact IHDA's SPAR Department at 312-836-5383.***