



**DRAFT  
2018-2019**

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

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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.

**“Affirmatively Furthering Fair Housing”** shall have the meaning set forth on page 15.

**“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.

**“Affordability Risk Index”** shall have the meaning set forth on page 65.

**“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.

**“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.

**“Applicable Federal Rate” (“AFR”)** shall mean the group of interest rates published monthly in the United States by the Internal Revenue Service (“IRS”) for federal income tax purposes. The IRS publishes these rates in accordance with Section 1274(d) of the Internal Revenue Code on a monthly basis. The publication takes the form of a revenue ruling and is available to the public on the IRS website and can be found at <https://apps.irs.gov/app/picklist/list/federalRates.html>.

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

**“Authority”** shall mean the Illinois Housing Development Authority, a body politic and corporate of the State of Illinois.

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**“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.

**“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 Project's net operating income less total debt service exclusive of cash flow notes.

**“Centers for Independent Living”** shall mean locations identified on State of Illinois Developmental Disabilities website at <https://www.illinois.gov/dd/Pages/CIL.aspx>.

**“Clarification Letter”** shall have the meaning set forth on page 24.

**“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 Strategy” definitions.**

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

- a) **“Community Revitalization Strategy”** shall mean a deliberate, concerted, and locally approved plan or documented interconnected series of local efforts with local stakeholder support intended to improve and enhance specific aspects of a Community (defined below). Please note: A locally approved plan is but one method of documentation, but and because formalized plans are beyond the capabilities of all municipalities in the state, well-documented efforts taking place outside of formalized plans are equally acceptable for this purpose.
- b) **“Community”** shall mean the Project area for a Community Revitalization Strategy. 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 Strategy 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, Illinois Affordable 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;

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- 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.

**“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 multi-year goals based on an assessment of housing and community development needs, an analysis of housing and economic market conditions and available resources.

**“Construction Monitoring”** shall have the meaning set forth on page 32.

**“Control”** shall mean majority ownership interest in the Owner or majority decision making as defined in development agreement between Owner and guarantor.

**“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. Sometimes known as Dial-a-Ride.

**“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.

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**"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.

**"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.

**"Forward Reservation"** shall have the meaning set forth on page 11.

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

**"IAHTC"** shall mean Illinois Affordable Housing Tax Credits, also known as 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.] Participants will be required to complete a certification form demonstrating their material participation in the Project.

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

**"Owner" or "Project 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 Controlled by the Sponsors.

**"Participant"** shall mean a member of the Project's development team, including Sponsor, general

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contractor, architect, and property manager.

**“Permanent Supportive Housing”** shall mean a Project with a preference or restriction for people who need supportive services to access and maintain affordable housing, are experiencing or at risk of homelessness, are living with disabilities, and/or are experiencing or at risk of institutionalization. The housing should be permanent (not time-limited, not transitional), affordable (typically rent-subsidized or otherwise targeted to the extremely-low-income who make 30% of the area’s median income or below), and independent (tenant holds the lease with normal rights and responsibilities). Services should be flexible (responsive to tenants’ needs and desires), voluntary (participation is not a condition of tenancy), and sustainable (focus of services is on maintaining housing stability and good health).

**“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, financial feasibility and Participant review as more fully described on page 20 and on 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). Qualified Non-Profit Corporations will be required to submit IRS Form 990. Projects that elect to score points for Qualified Non-Profit Corporation participation will be considered part of the Authorities not for profit set aside on IRS Form 8610.

**“Reservation”** shall mean the specific amount of Tax Credits reserved for a Project, as evidenced by a



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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.

**“Set-Aside”** shall mean the percentage of Tax Credits allocated as set forth on page 18.

**“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.

**“Sponsor”** shall mean an entity 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. Projects that are currently occupied or subject to a waitlist must submit a plan on how the Sponsor will ensure delivery of the Statewide Referral Network Units to the eligible referrals in a timely manner, and the plan must be approved by the Authority at its sole discretion.

**“Supportive Housing Populations”** shall mean people who need supportive services to access and maintain affordable housing, are experiencing or at risk of homelessness (as defined by the HEARTH Act), are living with disabilities, and/or are experiencing or at risk of institutionalization.

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

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**“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 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 (as amended P.A. 99-0564), 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 Committee 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 Committee 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 submitting an Application and 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) The Fair Housing Act**

The Authority requires that all Projects meet the requirements of the Fair Housing Act, 42 U.S.C. 3601 - 3619. The Fair Housing Act is enforced by HUD and 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. Further information regarding the Fair Housing Act can be found on the HUD website at

[https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opp/progdesc/title8](https://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/progdesc/title8)

**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).

All Projects planning to apply to the Authority for an allocation of 4% or 9% Tax Credits must first submit a Preliminary Project Assessment to the Authority prior to submitting a full Application. Please see the Website for further information on applying for Authority resources.

#### **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 (as amended P.A. 99-0564), 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 eight (8) underserved populations were identified:

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- 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 (Live Near Work)
- Low-income persons residing in existing affordable housing that is in danger of being lost or becoming unaffordable (Preservation)
- Low-income people residing in communities with on-going community revitalization efforts
- Other special needs populations, including people with criminal records and veterans experiencing or at risk of homelessness.

**D) Authority's Mission Statement**

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.

**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. 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.

As part of HUD's fair housing efforts, the Authority, strongly encourages all developers to reach out to the Project's nearest designated housing locator for Olmstead class members, their local Continuum of Care in order to guarantee people with disabilities have the opportunity to apply for units in all Tax Credit buildings which they qualify, and Centers for Independent Living.

<https://www.illinois.gov/dd/Pages/CIL.aspx>

## **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.

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

### **B) Applicable Percentage – 4% Tax Credits**

The applicable percentage for 4% Tax Credit Projects is subject to adjustment based on the Applicable Federal Rate, which is 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) Boost – 30% - add or not add**

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

#### **1) Code Provided Basis Boost - 9% and 4% Tax Credit Projects**

##### **a.) 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.

#### **2) Discretionary Basis Boost - The Authority reserves the right to provide a discretionary Boost as follows:**

##### **a.) 9% Tax Credit Projects**

- The Authority may provide a discretionary Boost and Tax Credit Allocation to:
  - Projects located in Opportunity Areas (as defined in Scoring Section C)2).
  - In order to effectively manage its resources or make a Project financially feasible.

##### **b.) 4% Tax Credit Projects**

- The Authority may not provide a discretionary Boost to 4% Tax Credit Projects.



**D) 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.

## V) Credit Ceiling and Set-Asides

### A) Credit Ceiling

#### 1) 9% Tax Credit Projects

The Authority anticipates approximately 30 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 23.7 million in per capita Tax Credits allocated to the Authority
- Approximately 6.3 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	12%
Chicago Metro	37%
Other Metro	15%
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.

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

- a) The City of Chicago set-aside consists of the City of Chicago.
- b) The Chicago Metro set-aside consists of the areas within the counties of Lake, DuPage, Kane, McHenry, Will, and Cook excluding the City of Chicago.
- c) 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.
- d) The Non-Metro set-aside consists of all other areas of the state not included in the City of Chicago, Chicago Metro, 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 **must complete a Preliminary Project Assessment (“PPA”) process prior to the submission of an Application.** Additional 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.

PPAs submitted for 9% Tax Credits are accepted at designated times in the calendar year. Please see the Website for details. insert link here

PPAs submitted for 4% Tax Credits are accepted on a rolling basis and as advised by the Authority.

Required PPA documentation contains basic information regarding Project concept and design, location, proposed tenant population, preliminary Participants and financing assumptions. The PPA form is available for download from the Website.

PPAs will be reviewed under the following categories:

- 1) Project site(s);
- 2) Project Market(s) – including Opportunity Area and Proximate Opportunity Area Determination (see website <http://www.ihda.org/developers/market-research/opportunity-areas/>) and Optional Planning Documentation (“Review Parameters”);
- 3) Preliminary Financial Feasibility;
- 4) Development Team

For each of the above PPA review categories, specific review parameters have been established. You can find the “Review Parameters” on the website (insert link here).

There are four possible review outcomes for submitted PPAs:

- 1) Approved – The PPA is approved and a full application will be accepted by the Authority;
- 2) Conditional Approval – The PPA is approved subject to concerns with any of the above-listed review categories;
- 3) Denied – The PPA is denied and an Application will not be accepted by the Authority;
- 4) Unreviewed – Insufficient information was provided and the PPA was not reviewed.

Potential applicants with Conditional Approvals will be encouraged to meet with Authority representatives to discuss the noted concerns before submitting an Application. Applications that do not adequately address the noted concerns will enter the scoring competition at a deficit of 3 points.

The Authority will issue a letter directly to the Sponsor with the review outcome for each PPA submitted.

PPA outcomes for Projects seeking 4% Tax Credit Determinations are valid for twelve (12) months after they are issued. PPA outcomes for Projects seeking a reservation of 9% Tax Credits are valid for twenty-four (24) months after approval. The Authority may rescind a PPA approval before the Project’s Application is submitted 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. All PPA outcome 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

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Affordable Market Share for the Primary Market Area as well as the Census Tracts used in the market analysis.

*Clarification of Supporting Planning Documentation –*

Sponsors have the option of submitting documentation that provides context outside of demographic based market review to help demonstrate compatibility with IHDA goals and/or project viability. This documentation is NOT REQUIRED, but could be necessary to obtain a PPA approval. Supporting planning documentation submitted with a PPA is not required to meet the same standards as plans submitted for Community Revitalization scoring. Additional information on supporting planning documentation can be found on the IHDA website under Review Parameters ([insert link here](#))

**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.

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 extremely low-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 required to address concerns noted by the Authority;
- Changes specifically 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 are subject to the following Application process steps:

### A) Application Submission

9% Applications will be accepted **one** time per year according to the schedule posted on the “Program Timelines” page of the Website. 4% Applications will be accepted on a rolling basis.

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

Applications are accepted on-line through the Multifamily portal at <https://mfportal.ihda.org>. The Authority will issue a user name and password for access to the on-line portal upon receipt of an approved PPA.

Until further notice, 4% Applications should be submitted electronically on a flash drive to the Authority at:

111 East Wacker Drive, Suite 1000  
Chicago, IL 60601

**Applications will not be accepted in paper form.** Please direct any questions to [multifamilyfin@ihda.org](mailto:multifamilyfin@ihda.org).

### 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.

Upon notification of PPA outcome, Sponsors will be required to complete and submit the Common Application (Excel form on the Website) to be reviewed for feasibility as a 4% transaction.

### C) 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, if required, for these resources will be collected after approval of an Allocation of Tax Credits and prior to consideration for those resources. If for any reason a Project does not move forward for any reason, the Authority will retain all fees paid to the Authority in conjunction with the Project.

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**D) Application Materials**

The Application must include all documentation as required in the QAP as follows:

<u>Tax Credit Type</u>	<u>Project Type</u>	<u>QAP Section</u>
9%	All 9% Tax Credit requests	Mandatory and Scoring
4%	The Authority is the bond issuer, lender and/or is only issuing a 42(m) Letter	Mandatory

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

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.

**E) 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 due date 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 (sent via email) for clarification of any Application submissions (“Clarification Letter”) after review of all Applications under this QAP.

The Authority will allow a three (3) business day clarification period. Any 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 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.

## **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.

## **F) 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.



## **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 Allocation**

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

Following Board approval, the Authority will issue a Reservation Letter which will set forth the amount of the Reservation and specify other terms, 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. Please note that the Reservation Letter will require that the initial financial closing for the Project must occur within ten (10) months of execution of Reservation Letter and payment of the Reservation fee.

Required documentation includes, but is not limited to the following: Compliance Monitoring Fee Agreement, BIN Assignment Form, Gross Rent Floor Election Form, Tenant Selection Plan, Affirmative Fair Housing Marketing Plan outlining how the Project will market units to underserved tenants, including tenants with special needs.

#### **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.

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

### **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.

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Required documentation includes, but is not limited to the following: current Site control for the Project, Carryover Allocation Checklist, Election of Low Income Housing Tax Credit, BIN Assignment Form, Gross Rent Floor Election Form, and 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.

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

**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 the following: 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.

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

## **IX) 4% Tax Credits**

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.

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

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

Projects that fulfill the requirements of the QAP and Section 42(m)(1)(D) of the Code will be issued a 42(m) Letter which will set forth the amount of the estimated annual Tax Credit amount and specify other terms, conditions, documentation and timelines that must be satisfied prior to the issuance of IRS Form 8609, including payment of a non-refundable fee.

Required documentation includes, but is not limited to the following: Compliance Monitoring Fee Agreement, Election of Low Income Housing Tax Credit , BIN Assignment Form, Gross Rent Floor Election Form, Tenant Selection Plan and Affirmative Fair Housing Marketing Plan outlining how the Project will market units to underserved tenants, including tenants with special needs.

#### **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.

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

**Please note if the Authority is not issuing the tax exempt bonds, the Project must still comply with the Mandatory sections of the QAP. Further, the governmental unit that is issuing the bonds is responsible for making the applicable determination under Section 42(m)(2)(D).**

## **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 or 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.

**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
- 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
- Sponsor or Participant capacity, financial or otherwise, in the Authorities sole discretion.

## **XI) Extended Use Agreement, Placement in Service, and IRS Form 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 may be required to pay another non-refundable fee.

#### **5) New Conditional Allocation Requirements**

Projects receiving a new Conditional Allocation remain subject to the requirements in the QAP as well as the requirement of the prior Allocation as determined by the Authority in our sole discretion.

**C) Issuance of IRS Form 8609**

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

**1) IRS Form 8609 Documentation**

The IRS Form 8609 Issuance Checklist available on the Website.

**2) IRS Form 8609 Timing**

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

**3) IRS Form 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 IRS Form 8609 documentation upon receipt of written request and explanation from Owner. Failure to submit all IRS Form 8609 documentation by the due date or to obtain Authority approval for an extension to submit all IRS Form 8609 documentation may result in a revocation of the Conditional Allocation.

**5) IRS Form 8609 Late Fee**

Projects approved for an extension to submit all IRS Form 8609 documentation may be subject to late fees.

## **XI) Project Monitoring**

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

The Authority charges ongoing compliance monitoring and reporting fees. Additional information regarding ongoing compliance and reporting requirements is available on the Website from the Authority’s Asset Management Services Department.

### **B) Construction Monitoring**

In addition to visiting proposed Project sites during the Application review period, Projects receiving an Allocation of 9% Tax Credits will be subject to field inspections by Authority staff during the construction period to monitor construction progress, verify Application commitments, evaluate compliance with fair housing and accessibility rules, and identify construction delays.

Pursuant to Section XIII)N)3) Unacceptable Practices, future Applications may be impacted if a Participant is found to be in non-compliance during Construction Monitoring.



### **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 and what relief they seek from the Mandatory requirements at full Application. 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 federally assisted project based 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.
- All Projects proposing to locate in a QCT or HUD recognized Racially or Ethnically Concentrated Area of Poverty must submit community revitalization documentation that at a minimum meets the mandatory requirements under the Community Revitalization Section.

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 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 local 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:

- 1) Expiration date for purchase option(s), purchase agreement(s), or letter(s) of intent;

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- 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:

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- 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 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:

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- 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
- 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

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Historic Resources Protection Act as determined by the State Preservation Officer at the Illinois Department of Natural Resources ("IDNR"). 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 IDNR dated within two years of the date of Application; or
- All documentation listed in the Historic Preservation Standards for Compliance found on the Website.

Please note, if an approval letter from IDNR is not provided, there is a mandatory 30 day review period required for obtaining this letter. This letter must be obtained by the Authority for a Project contemplating any Federal resources.

**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 should 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.

**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.

**a) Architectural Standards**

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

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- 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 most current version, Section 1003 Type 'A' 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.

Upon PPA approval, the Authority will require a meeting to discuss the exceptions noted above. 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;
- 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

**b) Universal Design**



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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.

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 with available seating (smoking areas do not qualify for this selection)
- 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.
- 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 outside individual units is 25% greater than the minimum requirement
- Computer room equipped with one (1) computer for every fifteen (15) units
- Exercise / fitness center with at least one (1) machine per fifteen (15) units
- Trash and/or recycling disposal chutes

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- Dedicated recycling area within the Project
- Community room meeting Authority standards
- Community kitchen with counter seating
- 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.)
- Library/reading room
- Hair salon/Beauty Parlor

**iii. Project Unit Related Amenities**

- Storage space within the unit is 25% greater than the minimum requirement
- Residential units are 15% larger than the minimum requirement
- Kitchen pantry in every kitchen
- 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

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- 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.

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**

The proposed rehabilitation work must address all items identified as "Critical" or

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“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.

In addition, all projects in consideration of 9% Tax Credits must include the following minimum budget of \$25,000 per unit, and include the following minimum project scope:

- Replacement of all unit and common area kitchen and bathroom cabinets and counter tops
- Replacement of all plumbing fixtures within the entire project with fixtures meeting with the fixture criteria identified in the Standards for Architectural Planning and Construction document available on the website
- Replacement of all flooring throughout the project
- Repair/Replacement of one additional major system (furnaces, water heaters, central boilers, air conditioning equipment, elevator, windows, roofing, tuckpointing of exterior masonry, etc.) throughout the entire building

#### **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.

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**

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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 which includes a completed organizational chart, reflecting the ownership structure of the Project, and identity of interest certification; and

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- A completed Development Experience Certification 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 Participant 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) Architect of Record Experience**

The Participant identified as the architect must have:

- Registration to perform architectural services in the State of Illinois as either a professional organization or a Sole Proprietor;
- A history of similar work and type as required for the Project; and

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- At least 5 years of experience with multifamily residential construction and/or rehabilitation

**d) 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:

- 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

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- 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, 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.
- A Participant has been involved in any Project awarded Tax Credits by the Authority 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 is found to be in non-compliance during Construction Monitoring.
- 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.
- 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.

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

### **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.

Neither a written request for Authority debt financing nor an Allocation of Tax Credits shall imply an 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**

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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 **OR** Priority will be given to those projects that score the highest number of points in the under the scoring category F.) Housing Policy and Objectives. Failure to adhere to these limits will result in a Project that is not financially feasible as defined in the QAP.

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

- City of Chicago, Chicago Metro and Other Metro Set-Asides: Projects may apply for up to 15% of total development.
- Non-Metro Set-Asides: Projects may apply for up to 25% of total development cost.

The Authority reserves the right to cap total Authority Debt Sources with below Market Interest Rates requested per Project and change the above limits in our sole discretion.

**iii. Non-Authority Debt Sources**

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

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- 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 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**

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**

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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. These limits have been established utilizing recent historical data of Authority projects within each set aside, and include analysis of all related hard costs associated with the project

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 as compared to other municipalities within the same set aside.
- Municipal building codes which are significantly more stringent than those of other municipalities in the same set aside.
- 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.
- Municipal architectural, aesthetic or material standards
- Costs associated with design decisions impacting the physical configuration of the building (height, area, material choice, etc.)
- Stormwater management requirements

**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:**

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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.

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**

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- 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.

**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. 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.**

#### **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.

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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:

- 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 Public Health, Illinois Department on Aging, Illinois Department of Healthcare and Family Services, Illinois Department of Human Services, Illinois Department of Veteran's Affairs or the US Department of Veteran's Affairs.

**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



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All other Project types	\$800	\$550	\$450	\$450
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**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.

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:

### **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

**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.

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.

**The 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 must identify a minimum of five (5) Universal Design elements above the code required elements.**

A project can earn up to seven (7) points for providing an additional five (5) elements above minimum requirements in either 100% or 50% of units 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) Unit Mix

Projects whose architectural design and construction includes larger units can earn up to two (2) points as follows:

	<u>Elderly Restricted Units</u>	<u>Non-Elderly Units</u>
Points	One -bedroom units as a % of Elderly restricted units	Three-bedroom and larger units as a % of total units
1	N/A	25.0% - 49.9%
2	100%	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) Cost Containment

A Project can earn four (4) points for achieving the lowest hard construction costs and total development cost in the Project's Set-Aside as defined in Section V) of the QAP. Points will be awarded to one new construction and one rehabilitation project per set aside. 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 construction 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)

In addition to construction cost, the project's total development cost will be evaluated in two additional categories – total development cost and development cost per unit. Rankings will be added up, and sorted by new construction and rehabilitation construction type.

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

### B) Energy Efficiency and Sustainability

#### 1) Green Initiative Standards

Projects whose architectural design and construction meet or exceed energy efficiency and green criteria either by providing additional elements from the Sustainable Design Checklist or by certifying to one of the following certification methods listed below can earn up to three (3) points as follows:

Points	Sustainable Design Checklist Elements
1	3 additional elements selected from the Sustainable Design Checklist
2	5-7 additional elements selected from the Sustainable Design Checklist
3	10 or more additional elements selected from the Sustainable Design Checklist

OR

Points	Certification Methods
3	Minimum LEED for Homes Silver or other LEED NC certification level, or Enterprise Green Communities Certification, or NAHB National Green Building Standard Certification, or Passive House Institute of the United States (PHIUS) Passive House Certification, or another pre-approved Net-Zero Capable certification.

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## 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.

The rehabilitation must contain at least a minimum budget of \$25,000 per unit, and include the following minimum Project scope:

- Replacement of all unit and common area kitchen and bathroom cabinets and counter tops
- Replacement of all plumbing fixtures within the entire project with fixtures meeting with the fixture criteria identified in the Standards for Architectural Planning and Construction document available on the website
- Replacement of all electrical fixtures with Energy Star fixtures
- Replacement of all flooring throughout the project
- Repair/Replacement of one additional major system (furnaces, water heaters, central boilers, air conditioning equipment, elevator, windows, roofing, tuckpointing of exterior masonry, etc.) throughout the entire building

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:

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1) 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;
- 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 Strategies categories below.

### **a ) Opportunity Area**

Projects that are located in an Opportunity Area can earn up to ten (10) points. Projects proposed as scattered Site developments that include at least one Site located in a qualified Authority 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.

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 Strategies**

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. Community Revitalization Strategies 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 Strategy component thresholds found on the Website.

### **3) Affordability Risk Index**

Projects that are located in a census tract(s) meeting the criteria listed below for 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.



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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. The Authority 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	<b>Transit Oriented Development</b> All Sites are located within a completed, in-process, or programmed RTA-Transit Oriented Development site ("TOD"). <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.
2	<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; <b>-or-</b> All Sites are served by a DRT service 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.
1	<b>Travel Time to Work</b> Site(s) is located within a census tract that exhibits less than or equal to average commute time to work. Commute time thresholds are determined by the set-aside in which the Site(s) is located and are set at the average travel time of all tracts existing within the set-aside.

Evidenced through submission of the following:

- 1) Map(s) clearly delineating all Sites and distance to the nearest fixed route transit stop and/or car share vehicle location.
- 2) Documentation from the RTA TOD website 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 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. [RTA Transit Oriented Development Viewer.](#)

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3) Documentation of transit fixed route stop, such as route map.

4) 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.

A complete list of census tracts including their corresponding average travel time to work and travel time thresholds for each set-aside are published on the Authority's website [insert link]. Data are obtained from the US Census Bureau, 2011 – 2015 American Community Survey 5-year estimates, table S0802.

**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:

Proximity Radius by Set-Aside	
City of Chicago	0.25
Chicago Metro	0.5
Other Metro	0.75
Non-Metro	1.0

Points	Category	Threshold
1	Food Access	<a href="https://www.ers.usda.gov/data-products/food-access-research-atlas/download-the-data.aspx">https://www.ers.usda.gov/data-products/food-access-research-atlas/download-the-data.aspx</a> Access to food within the following proximity radius: City of Chicago - .5 miles Chicago Metro – 1 mile Other Metro – 10 mile Non-Metro – 10 mile
2	Education	<b>Non-Elderly ONLY:</b> All Sites are located within the proximity radius of a public K-12 school. Tuition-based schools and selective enrollment schools do not qualify.
2	Public Services	All Sites are located within the proximity radius of a public library, workforce investment center, community college, or job training center, county health clinic or hospital.

Evidenced through submission of all of the following:

- 1) Map(s) clearly delineating all Sites and distance to the Neighborhood Asset
- 2) The applicable proximity radius around the Site

**D) Development Team Characteristics**

**1) Illinois Based Participants**

Projects whose Participants' place of business has been located in the State for a minimum of two (2) years, can earn up to 2 points as follows:

Points	Participant
1	Illinois Based general contractor <b>OR</b> Illinois based property manager <b>OR</b> Illinois based architect <b>OR</b> Illinois Based Sponsor
2	Illinois Based general contractor <b>AND</b> Illinois based property manager <b>AND</b> Illinois Based Architect <b>AND</b> Illinois Based Sponsor

Evidenced through submission of The Secretary of State's Certificate of Good Standing for each Participant.

**2) Minorities, Females and Persons with Disabilities**

Projects whose Participants' are certified under the Illinois Business Enterprise Program for Minorities, Females and Persons with Disabilities, can earn up to 2 points as follows:

Points	Participant
1	MBE/WBE general contractor <b>OR</b> MBE/WBE property manager <b>OR</b> MBE/WBE architect <b>OR</b> MBE/WBE Sponsor
2	Any combination of two: MBE/WBE general contractor <b>OR</b> MBE/WBE property manager <b>OR</b> MBE/WBE architect <b>OR</b> MBE/WBE Sponsor

Evidenced through submission of current certification from the Illinois Department of Central Management Services - Business Enterprise Program for Minorities, Females, and Persons with Disabilities

**3) 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. Non-Profit will be required to complete a certificate of material participation.

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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 (including all financial benefits) of one-hundred (100%) in the general partner or non-investor membership of the Owner through the entire Extended Use Period, including all financial benefits.

Evidenced through submission of all of the following:

- 1) The Qualified Non-Profit Corporation's IRS determination letter; and 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
- 2) All Projects seeking to score points in this category will be required to check the Non-profit set aside box on IRS Form 8609 and will be required to submit a Material Participation certification form.

#### **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)
- 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>

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% 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) 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
  - 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:

- 1) 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

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- 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) Public Housing Authorities (“PHA”) that provide executed rental assistance commitment letters as detailed above must provide evidence that 1.) the PHA administrative plan allows for the PHA to project based vouchers (“PBV”) and 2.) the PHA selection of PBV proposals in accordance with 24 C.F.R. § 983.51(b)(1) by issuing a request for PBV proposals has been satisfied. Such competitive procurement should be scheduled to take place sufficiently in advance of the Authority’s deadline for submission of an Application for Tax Credits.

## 2) Leveraging Authority Resources

- Projects with no Authority resource request, other than Federal Tax Credits, can earn 2 points.
- Projects that defer 50% of their developer fee can earn 2 points.
- Additionally, 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 construction (i.e. permanent financing), available on the Website, can earn up to eight (8) points as follows:

Points	Leveraging Resources as a % of the total Project budget
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 from Federal or State Tax Credits)
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 up to 25%.

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Evidenced through submission of

- 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:

Points	30% AMI units as a % of the total Project units
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:

Points	Statewide Referral Network Units as a % of the total Project units
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

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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)

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 (3) points as follows:

Points	Scoring Threshold
3	Project is targeted to Veteran population and is evidenced in Tenant Selection Plan <b>OR</b> commitment of U.S. Department of Veteran’s Affairs Supportive Housing (VASH) vouchers

Evidenced through submission of all the following:

- 1) Copy of Tenant Selection Plan identifying Veteran preference.
- 2) Commitment for project based rental assistance 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) Affordable Housing Planning and Appeal Act (“AHPAA”) Projects

A municipality or county which individually has less than 10% of its total housing stock deemed as affordable, as is determined by a statutory formula administered by the Authority, is subject to AHPAA. Such localities are considered “non-exempt local governments” (“NELGs”) and are posted on the Website. In order to encourage development of affordable housing in these communities, a Project located within a NELG’s jurisdiction will be awarded 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:** Tenant Populations of Individuals with Children. Projects that serve populations of individuals with children, If a tie still remains;

2) **Second 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 Strategy Scoring.

3) **Third Tiebreaker: Tenant Homeownership**

Projects that are intended for eventual tenant ownership.