



2024 LIHTC Twinning Application Guide

Guidance & General Questions (updated 11/3/2023)

The following guidance is provided to Project Sponsors seeking both 9% LIHTC and 4% LIHTC to finance two projects supporting a common development plan (“Common Development Plan”).

Review the below carefully to see if any of your questions may be answered. Please submit any additional questions to multifamilyfin@ihda.org. For questions relating to technical issues with the Multifamily Application Portal, please email mfportalhelp@ihda.org.

MANDATORY:

Concept Meeting

On or before Friday, November 17th, 2023, Sponsors that are considering a twinning PPA submission shall submit a request for a concept meeting through: multifamilyfin@ihda.org.

Fees

At PPA, the PPA fee will need to be paid for the 4% and 9% application. At 9% LIHTC application, the application fee will only need to be paid for the 9% application. If awarded, the 4% application will pay the application fee at the time of full application submission.

Preliminary Project Assessment (PPA)

On or before the 9% LIHTC PPA deadline, the Sponsor shall submit through IHDA Connect:

- Full 9% LIHTC PPA Application
- Full 4% LIHTC PPA Application (in a separate 4% PPA application in IHDA Connect).
- LIHTC PPA workbook showing the entire Common Development Plan (included in the 4% PPA application in IHDA Connect).

Full LIHTC Application

On or before the 9% full application deadline, Sponsor shall submit through IHDA Connect:

- Full 9% LIHTC Application
- Partial 4% LIHTC Application (through a separate 4% LIHTC application in IHDA Connect).

Additional supporting documents for the 4% LIHTC project must include:

1. Excel Common Application for 4% LIHTC project
2. Excel Common Application for the entire Common Development Plan.
3. Architectural Standards, Universal Design, and Amenities Certification for both the 4% LIHTC Application and combined 9% + 4% LIHTC Application.
4. Financial Feasibility documentation meeting IHDA’s Underwriting Standards Guide, including but not limited to:
 - I. Financing acknowledgement letters from each lender of a non-Authority debt Source—including, but not limited to, *tax-exempt* construction loan(s), permanent loan(s), *tax-exempt* equity bridge loan(s), and the



- assumption of existing debt. Each letter should acknowledge and approve the proposed Twinning structure.
- II. A financing acknowledgement letter from an equity source for the 4% LIHTC. The letter should acknowledge and approve the proposed Twinning structure.
 - III. A copy of the fully executed rental assistance contract or a rental assistance commitment letter from the entity providing the rental assistance, if applicable
 - IV. A narrative explaining construction and operational period real estate taxes.
 - V. Instances where the 4% LIHTC Application diverges from IHDA's Underwriting Standards Guide, a detailed narrative should be provided explaining the application's variance.

4% Full LIHTC Application

If the "Twinning" application receives an award of 9% LIHTC, the Sponsor shall submit all remaining outstanding mandatory documentation for the full 4% LIHTC application. IHDA will not proceed with approvals and closing without the complete 4% LIHTC application.

FINANCIAL FEASIBILITY:

IHDA will evaluate the financial feasibility of each separate 9% LIHTC and 4% LIHTC application and the Common Development Plan. Sponsors requesting any deviations from IHDA's underwriting standards should discuss those requests during the concept meeting and further document them at the PPA stage. 9% LIHTC requests will continue to be capped at 1,500,000 annual credits.

Developer Fee

If either or both projects are requesting Authority soft funds, the 9% LIHTC developer fee will be capped at \$2,500,000.

For both 9% and 4% LIHTC transactions, realized developer fee will be limited to \$1,875,000 the remainder of the fee will need to be deferred. Total Developer Fee may not exceed 15% of Total Development Costs minus Reserves. Each project will need to meet IHDA's minimum deferred fee standard of at least 25% of Total Developer Fee, or 75% of cash flow years 1-12, whichever is less.

SCORING:

IHDA will score twinning projects on their Common Development Plan. For example, to earn the full eight (8) deeper income targeting points in the 2024-2025 QAP, Sponsors must restrict twenty (20) percent of the total units across the Common Development Plan at thirty (30) percent of AMI or less.

Each 9% LIHTC application 4% LIHTC application must meet the minimum threshold of Accessible, Adaptable, and Sensory impaired units before going above and beyond for scoring.



GENERAL FAQs:

Q: Can the Common Development Plan be for a single building?

A: Yes. However, IHDA discourages the use of “checkerboarding” 9% and 4% units.

Q: Must the development team be the same across the Common Development Plan?

A: Yes. The development team must be the same across the common plan of development.

Q: I have an approved 9% LIHTC PPA that did not contemplate twinning, can I submit a full twinning application?

A: No. Sponsors must have approved 4% and 9% LIHTC PPAs that clearly indicated twinning to support a Common Development Plan prior to submitting a full twinning application. A project that did not receive twinning approval at PPA stage, but submits a full twinning application will mandatory fail.

Q: May I elect to use the Average Income Test in my application?

A: Yes, twinning projects may elect to use the Average Income Test but anticipate the 9% and 4% applications being split by floor when the Common Development Plan is submitted as a single building. Do not anticipate the 4% and 9% units to be “checker-boarded” throughout the building. Please ensure the LOI from your investor includes acknowledgment of Income Averaging.

Q: Does the 4% LIHTC Common Application need to reflect Bond Fees and Counsel Fees in the Uses tab as listed in the Multifamily Fee Payment Form?

A: Yes.

Q: Can the Common Development Plan put all the accessible, adaptable, and sensory impaired units in a single 4% or 9% LIHTC Application?

A: No, each 9% LIHTC application 4% LIHTC application must meet the minimum threshold of Accessible, Adaptable, and Sensory impaired units.

Q: Can I utilize a per unit operating expense below the set-aside limits if the development is able to achieve economies of scale with the operating expenses?

A: No, separate guidance is not being provided based on number of units in the development.

Q: Can the soft fund request be the set-aside limit of the Common Development Plan and placed all on the 4% LIHTC application or 9% LIHTC Application?

A: No, soft fund request must be restricted the set-side limit for each the 4% LIHTC application and the 9% LIHTC Application as well as any other restrictions as listed in the IHDA QAP and Underwriting Standards Guidelines. However, after 9% LIHTC Application Awards are approved by Member of the Authority, the Authority may determine it is appropriate to place any Common Development Plan soft fund request solely on the 4% LIHTC application or the 9% LIHTC application.

Q: If at the time of the 9% LIHTC application the Common Development Plan is located in a Qualified Census Tract (“QCT”) or Difficult to Develop Area (“DDA”), can the 4% Application contemplate a basis boost?

A: Yes, if a Common Development Plan is located in a QCT or DDA at the time of the 9% Application, the 4% Common Application may reflect a basis boost. If the Common Development Plan receives a 9% Award, the 4% LIHTC Full Application must be submitted in a



time frame compliant with IRS guidance on basis boosts for the 4% LIHTC Application to remain eligible for a basis boost.