

# 2026 Low-Income Housing Tax Credit **QUALIFIED ALLOCATION PLAN**

**State Of Illinois**  
JB Pritzker, Governor



# 2026 Qualified Allocation Plan

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## Section I: Introduction

### A. Purpose of the QAP

The Low-Income Housing Tax Credit (“LIHTC”) program was created by the United States Congress in 1986 to promote the development of affordable housing for low-income individuals and families. The Internal Revenue Service (“IRS”) regulations for the Tax Credit program are found under Section 42 of the Code of 1986, as amended.

As an allocating agency for the Tax Credit program in Illinois, the Illinois Housing Development Authority (“Authority”) is required to publish a Qualified Allocation Plan (“QAP”) that details how it intends to award the tax credits. Pursuant to Section 42 of the Code, the QAP describes criteria the Authority considers in evaluating Projects and development teams applying for an Allocation of Tax Credits. Additionally, the QAP explains 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 Tax Credits must first submit a Preliminary Project Assessment (“PPA”) to the Authority pursuant to **Section VI** prior to submitting an Application pursuant to **Section VII**.

### B. Authority Mission Statement

The Authority serves as the State’s housing finance agency, functioning as a quasi-governmental organization whose mission is to “finance the creation and preservation of affordable housing in Illinois.” The Authority is responsible for administering a wide variety of funding sources and programs that acquire, construct and rehabilitate affordable housing units, as well as support community development efforts throughout the State. Since the Authority’s establishment in 1967, it has expended more than \$20 billion that have been put towards the creation of over 250,000 affordable housing units throughout our state.

### C. Directives and Policies Guiding the QAP

The QAP provides a framework for the development and rehabilitation of affordable rental units that support the achievement of broader policy objectives.

The Authority’s current policy priorities, goals, and objectives for the QAP are discussed below. These priorities have been identified in response to broader economic and socio-demographic conditions, as well as key housing goals of the State as identified through the Authority’s various plans and priorities.

#### i. 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 concerted Community Revitalization Strategy ;
- Sponsor characteristics;
- Tenant populations with special housing needs;
- Public housing waiting lists;
- Tenant populations of individuals with children;
- Projects intended for eventual tenant ownership;
- Energy efficiency of the Project; and
- 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; and

- Projects which are located in Qualified Census Tracts (“QCTs”) and the development of which contribute to a Community Revitalization Strategy.

## ii. Authority Policy Priorities

The Authority identifies policy priorities through a variety of both proactive planning and legislatively mandated processes. Policy priorities are tools that are utilized to inform and guide the Authority’s funding mechanisms, and provide a framework for tracking and understanding the impact of Authority resources across the State. Current Authority priorities and their correlated plans that have informed the priorities of the QAP include:

### a. Annual Comprehensive Housing Plan (“ACHP”) Priority Populations

Executive Order 2003-18 and the Comprehensive Housing Planning Act (P.A. 94-965) established the statewide comprehensive housing initiative, identifying underserved “priority populations.” Serving the affordable housing needs of the ACHP’s eight priority populations is a primary objective of the Authority. The eight priority populations are:

- 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 ongoing community revitalization efforts
- Other special needs populations, including people with criminal records and veterans experiencing or at risk of homelessness

The 2023 ACHP also identified four distinct policy priorities to guide the activities of the Authority and other State agencies for upcoming year, which have directly informed the QAP:

- **Policy Priority #1:** Address Inequities in Housing
- **Policy Priority #2:** Advance Access for Priority Populations
- **Policy Priority #3:** Support Economic Resiliency and Energy Efficiency in Affordable Housing
- **Policy Priority #4:** Maximize Impact of New Resources and Programming by Building Partnerships and Leadership Capacity

### b. Illinois Housing Blueprint

The Illinois Housing Blueprint is a statewide planning initiative that aims to create a vision for the future of equitable affordable housing in Illinois and lay out a plan for achieving it. The research and insights produced through the Illinois Housing Blueprint’s activities are meant to guide and inform the ACHP’s policy priorities with data-driven and actionable recommendations. Three priority areas, along with various sub-priorities, were identified by the inaugural 2021 Illinois Housing Blueprint. These priority areas and their relevant sub-priorities which have directly informed the QAP include:

- **Priority #1:** Addressing Racial Equity
  - Support Diverse Leadership in the Housing Economy
  - Create Access through Comprehensive Planning
- **Priority #2:** Promoting Economic and Environmental Resilience through Improved Affordable Housing Planning
  - Support More Environmentally Resilient Development and Communities
  - Promote More Economically Resilient Communities

- **Priority #3:** Utilizing Affordable Housing Infrastructure to Promote Access
  - Prioritize Extremely Low-Income, Supportive Housing, and other Housing Need

Additionally, further research included in the 2022 Illinois Housing Blueprint identified extremely low-income housing units and Permanent Supportive Housing units as some of those with the highest need across every region in the State.

**c. Home Illinois**

Home Illinois: Illinois' Plan to Prevent and End Homelessness sets the foundational vision to ending homelessness in the State. Through both established and new innovative strategies, Illinois residents, community agencies and state government will work together to prevent entries into shelter. This planning effort is a multi-agency approach led by the Illinois Office to Prevent and End Homelessness ("IOPEH") and the Illinois Interagency Task Force on Homelessness, on which the Authority's Executive Director sits.

To further align partners and support the goals and strategies outlined in the Home Illinois Plan, IOPEH and the Interagency Task Force engaged HUD technical assistance and worked with technical assistance provider Homebase to establish projections for reaching Functional Zero Homelessness in Illinois in November 2022. These projections included identifying local need within each Continuum of Care ("CoC") geography and across the State. This process identified a need for nearly 6,300 additional units of Permanent Supportive Housing and Other Permanent Housing throughout the State.

As a part of its participation on the Illinois Interagency Task Force on Homelessness, the Authority developed an internal guiding document that outlines tangible actions that the Authority can take to support the work and objectives of the Home Illinois plan. The plan component that most directly informed the policy priorities of the QAP is:

- **Component #5:** Achieving Functional Zero for Illinois/Accelerating Development of Permanent Supportive Housing ("PSH") Units

Under this component, the Authority has outlined a goal of increasing its annual production of PSH units by nearly 200% over the coming years, and provided recommended action items and strategies that would support the attainment of this goal.

**d. Diversity, Equity and Inclusion**

In 2021 Governor JB Pritzker issued Executive Order Number 16 ("**Executive Order Establishing the Office of Equity**") which established the State's Office of Equity and set out statewide objectives for advancing diversity, equity, and inclusion throughout State agencies and in public policy. In addition to its creation of offices and positions throughout various agencies and State departments, Executive Order Number 16 also set forth directives to ensure that the State of Illinois be a leader in equity and inclusion, eliminate institutional and system barriers, and create opportunity and access for those it serves and employs. The State's Chief Equity Officer is responsible for leading the specific directives outlined by the Executive Order, which include the following:

- Identify and redress barriers to equity in the State;
- Support equity-oriented efforts throughout the State to ensure services and resources are available and accessible to all in Illinois; and
- Create a sustainable infrastructure and equity-oriented systems, policies, and procedures that operationalize diversity, equity, inclusion within State agencies.

The directives included within this Executive Order, which applies to the Authority as a State agency, have guided the development of the QAP's policy priorities.

**e. Olmstead v. L.C. and Consent Decree Populations**

In 1999 the U.S. Supreme Court ruled in the **Olmstead v. L.C. case** that persons with disabilities have a right to receive their services in the most integrated setting according to their needs and desires. This ruling



set forth a variety of precedents and priorities that govern the ways that supportive housing is funded and provided to individuals throughout Illinois and the nation more broadly. Informed by the guidance provided by way of the *Olmstead v. L.C.* ruling and significant market demand for additional supportive housing units throughout Illinois, the Authority has identified the creation of supportive housing units that serve low-income individuals with a disability as a guiding policy priority of the QAP.

Through the creation of the PSH Track Scoring option along with other requirements and incentives outlined in the table below, the QAP prioritizes the creation of Permanent Supportive Housing units as an option for individuals with disabilities to live independently in the community with access to available services. This includes those that are living in institutional settings but have a desire to move to a community setting, and those that are at-risk of institutionalization aligning with the three Illinois *Olmstead* related Consent Decrees (*Williams v. Pritzker*, *Colbert v. Pritzker*, and *Ligas v. Eagleson*).

### iii. QAP Policy Priorities

Informed by the plans and policies referenced in the section above, the QAP identifies three distinct policy priorities:

- **Statewide Equity**

The QAP promotes statewide equity by incorporating the Community Revitalization mandatory thresholds for communities falling within a QCT and/or a Racially or Ethnically Concentrated Area of Poverty (“R/ECAP”). The QAP promotes statewide equity by (a) incentivizing Black, Indigenous, or People of Color (“BIPOC”) and minority participation on the development team, (b) encouraging affordable housing developments in the State’s least affordable communities and (c) incentivizing community revitalization planning activities in any community throughout the State in 9% Tax Credit Applications.

- **Most Vulnerable Populations**

The QAP promotes affordable housing for the State’s most vulnerable populations through (a) the Statewide Referral Network (“SRN”) requirement and (b) the veteran’s waitlist preference requirement for all 4% Tax Credit and 9% Tax Credit Applications. The QAP promotes affordable housing for the State’s most vulnerable populations through (a) pursuing PSH Track Scoring, (b) deeper income targeting point incentives, (c) additional accessible units point incentives and (d) the creation of the Most Vulnerable Populations scoring category for 9% Tax Credit Applications. PSH Track Scoring is a new addition to the QAP, which provide a competitive process for Projects that dedicate at least 30% of its total units to serving Supportive Housing Populations.

- **Sustainability and Energy Efficiency**

The QAP promotes sustainability and energy efficiency through the EGC mandatory requirements for all 4% Tax Credit and 9% Tax Credit Applications. The QAP promotes sustainability and energy efficiency through green building and energy efficiency certification point incentives for 9% Tax Credit Applications.

QAP Policy Priorities		
Tax Credit Type	Requirements and Incentives	QAP Section to Reference
Statewide Equity		
4%, 9%	Mandatory Community Revitalization Strategies thresholds promoting local planning efforts required for Projects in QCTs and/or R/ECAPs	Community Revitalization (Section VIII.C)
9%	Up to 10 points achievable for Applications that demonstrate a high Quality of Life Index score and /or meet Community Revitalization Strategies scoring criteria	Community Targeting (Section IX.C.ii)
9%	Up to 2 points achievable for Projects located in a non-exempt local government's jurisdiction according to the Affordable Housing Planning and Appeals Act (General Track Scoring only)	Affordable Housing Planning and Appeal Act (Section IX.C.vi)
9%	Up to seven or 11 points achievable (non-profit or for-profit, respectively) for Applications with Development Team Participants with BIPOC Development Control or who are WBE/DBE/MBE certified	BIPOC Development Control and Women/Disadvantaged/ Minority Enterprises (Section IX.D.ii)
Most Vulnerable Populations		
4%, 9%	Mandatory requirement that Projects dedicate 5% (4% Tax Credit Applications) or 5-10% (9% Tax Credit Applications, dependent upon Set-Aside) of total units to the SRN	Statewide Referral Network (Section VIII.Q.i)
4%, 9%	Mandatory requirement that Projects exercise a 10% waitlist preference for veterans in the Tenant Selection Plan ("TSP")	Veterans Housing Preference (Section VIII.Q.ii)
9%	Competitive PSH Track Scoring option available for Projects that dedicate 30% or more of their total units to serving Supportive Housing Populations	PSH Track Scoring criteria and categories (Section IX)
9%	Up to three points achievable for Projects that incorporate at least a 15% share of accessible units	Additional Accessible Units (Section IX.A.ii)
9%	Up to eight points achievable for Projects that dedicate higher shares of total units to populations at extremely low-income levels (General Track Scoring only)	Deeper Income Targeting (Section IX.E.i.b)
9%	Up to 22 points achievable for PSH Track Projects and 12 points achievable for General Track Projects via the Most Vulnerable Populations scoring category	Most Vulnerable Populations (Section IX.F)
Sustainability and Energy Efficiency		
4%, 9%	Mandatory requirement that Projects adhere to the 2020 Enterprise Green Communities' 40 mandatory project criteria	Enterprise Green Communities (Section VIII.P)
9%	Up to seven points achievable for Projects that commit to gaining a qualifying basic level of a green building certification	Green Building Certification: Basic Level (Section IX.B.i)
9%	Up to three points achievable for Projects that commit to gaining a qualifying advanced level of a green building certification (General Track Scoring only)	Green Building Certification: Advanced Level (Section IX.B.ii)
9%	Up to three points achievable for Projects that commit to gaining a qualifying net zero level of a green building certification (General Track Scoring only)	Green Building Certification: Net Zero Level (Section IX.B.iii)
9%	Up to seven or 13 points achievable for Projects that commit to gaining a qualifying energy efficiency certification	Energy Efficiency Certification (Section IX.B.iv)



## Section II: General Provisions

### A. Changes to the QAP

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

### B. Authority Rights

The Authority reserves the right to:

- Limit the number of 9% Tax Credit Reservations for Rental Assistance Demonstration (“RAD”) Projects to one per Set-Aside per year;
- Make Tax Credit Reservations in an amount above 1,700,000 per Project pursuing General Track Scoring and 1,700,000 per Project pursuing PSH Track Scoring Project;
- Limit the number of Projects recommended for Tax Credits in any Set-Aside, as defined in **Section III.B** Credit Ceiling;
- Limit the number of Projects recommended for Tax Credits for any given Sponsor, which includes, but is not limited to, Sponsors who were previously awarded Tax Credits and have not closed on those Projects;
- Limit the number of Projects recommended for Tax Credits in any area where the Authority has previously allocated resources;
- Allocate Tax Credits to the most competitive Project(s) across either of the scoring tracks within a Set-Aside;
- Make Tax Credit Reservations from the upcoming calendar year Credit Ceiling (a “Forward Reservation”) under the QAP; and
- Verify any information submitted in an Application.

Additionally, the Authority may review local and/or state analyses of impediments to fair housing prepared in connection with federal funding programs. Accordingly, the Authority reserves the right to prioritize Applications that demonstrate 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 10% of the total Authority Credit Ceiling. Any Project recommended by the Interagency Committee must meet the requirements of the 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.

It is the responsibility of the Sponsor and 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 Sponsors and 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. The Sponsor and Owner of a Project may not rely upon the Authority’s review as evidence of such Project’s compliance with federal or State law. Further, 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 Sponsor and Owner are responsible for ensuring the Project complies with all such laws and regulations.

## **D. Application Disclosures**

### **i. Limitation of Acceptance of Submission**

Acceptance of a PPA 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.

### **ii. 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, communicate and disseminate any information concerning the Owner or the Project with any third party, including, but not limited to, 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.

### **iii. 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). Accordingly, all or part of the Application may be open to public inspection or copying. Any claim that the information submitted is exempt from disclosure must be included in the submission and identified as exempt. The specific statutory basis for the claimed exemption must also be identified with an explanation as to why the information satisfies the exemption. The Authority will determine whether such exemption applies in its sole discretion.

### **iv. Notification of Elected Officials**

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

## **E. 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.

## **F. Affirmatively Furthering Fair Housing**

It is the policy of the Authority to administer the Tax Credit program affirmatively, establishing conditions in which individuals of similar income levels in the same housing market area have access to a comparable range of housing choices regardless of their race, color, religion, sex, disability, familial status or national origin. Each Sponsor shall pursue affirmative fair housing marketing policies when soliciting tenants and reaching out to underserved populations and those least likely to apply to reside in completed Tax Credit units. Sponsors are also expected to align with local AFFH plans.

As part of HUD's fair housing efforts, the Authority strongly encourages all Sponsors to contact the Project's nearest designated housing locator for Olmstead class members, the local Continuum of Care, and Centers for Independent Living to guarantee people with disabilities an opportunity to apply for units in Tax Credit buildings for which they qualify. A list of Illinois Centers for Independent Living can be found on the **IDHS website**.

## Section III: Tax Credit Information

### A. Tax Credit Calculation

Under Section 42(m) of the Code, the Authority must determine 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 the Qualified Basis method and the Equity Gap Method. A Tax Credit award will be based on the lesser of the Tax Credit amount supported by the Project's Eligible Basis or the Tax Credit amount supported through the Equity Gap Method.

The Authority continuously reviews the amount of Tax Credits a Project receives from Application through the issuance of IRS Form 8609. The Authority's review may result in a reduction to the amount of Tax Credits the Project receives.

### B. 4% Tax Credit Projects

All Mandatory requirements in the QAP apply to 4% Tax Credit Projects unless a waiver is requested or a requirement is otherwise amended or waived by the Authority in its sole discretion. Waivers will not be considered for application deadlines. All Projects receiving a Conditional Allocation of Tax Credits for 4% Tax Credits are subject to the following regardless of the entity issuing the bonds:

#### i. Credit Ceiling

The amount of 4% Tax Credits available 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.

#### ii. 4% Tax Credit Allocation

##### a. 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 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 the 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.

Pursuant to Section 42 of the Internal Revenue Code, when an issuer in the State, other than the Authority, receives an allocation of the State's volume cap for a Project, the sponsor of that project must separately request an award of 4% Tax Credits from the Authority to obtain a preliminary determination of eligibility for those credits, which is known as a 42(m) Letter. When requesting a 42(m) Letter from the Authority, certain requirements must be met. First, all requirements of the QAP and application process must be satisfied. Second, the Authority must have received the current fee required to issue such determination. Third, the initial Application submission must include a preliminary determination letter, or 42(m)(2)(d) Letter, from the issuer of the tax-exempt bonds. The determination letter must address the tax credit dollar amount and the reasonableness of project costs.

##### b. Request for Extension

The Authority may, in its sole discretion, approve an extension to meet the conditions set forth in the 42(m) Letter. To be considered for an extension, the Owner must submit a written request and explanation for such extension. Additionally, Projects approved for an extension may be subject to late fees. 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.

If the Authority is not issuing the tax-exempt bonds, the Project must still comply with the Mandatory sections of the QAP. Additionally, the governmental unit that is issuing the bonds must determine that the credits allocated to the building does not exceed the amount necessary to assure project feasibility, as required under Section 42(m)(2)(D).

### iii. Volume Cap Limits

The Authority reserves the right to:

- Limit the volume cap used to the amount needed to meet the 50% test, or as required for the Authority's underwriting standards as set forth in the Authority's Underwriting Standards Guide.
- Restrict or eliminate the use of bond volume cap for conduit bond transactions.
- Score Applications for tax-exempt bonds and 4% Tax Credits.

### iv. Basis Calculation

The Authority reserves the right to limit basis calculations on 4% tax-exempt bond Projects with Tax Credits. Specifically, acquisition costs used in the calculation of Eligible Basis may be limited to recent sales related to the acquisition of the property, current rents, HUD published fair market rents, LIHTC rent limits or other reasonable requirements as determined by the Authority when evaluating a property's value.

The Authority will not underwrite the Project based on anticipated increased rents, such as HUD rental assistance contract renewals and future rents. The Authority may make exceptions to this guideline at its sole discretion. A waiver to this requirement may be requested on a case-by-case basis when additional equity generated is used for actual hard construction costs for the Project.

### v. Basis Boost

Projects that meet one of the following criteria are eligible for a Boost under the Code. However, an Application may not request an Allocation of Tax Credits based on a Boost or in excess of the limits contained below.

#### a. Code Provided Basis Boost

Projects located in the most recent and publicly available determination of a QCT or a Difficult to Develop Area ("DDA") (as defined under Section 42 of the Code) are eligible for a Boost. The most recent published **HUD List** or **Map** of DDAs and QCTs contains eligible areas. Projects may not apply with a Basis Boost. Requests for a Basis Boost will be considered as an Authority resource request.

#### b. Discretionary Basis Boost

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

### vi. Maximum Tax Credit Request

The maximum amount of 4% 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.

## C. 9% Tax Credit Projects

### i. Credit Ceiling

The Authority anticipates approximately 29.8 million in 9% Tax Credits available for Allocation to the Authority, in accordance with Section 42 and Treasury Regulation 1.42 - 14.

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 additional Tax Credits from the national pool.

## ii. Basis Boost

Projects that meet one of the following criteria below are eligible for a Boost under the Code. An Application cannot request an Allocation of Tax Credits based on a Boost or in excess of the limits contained below.

### a. Code Provided Basis Boost

Projects located in the most recent and publicly available determination of a QCT or a DDA (as defined under Section 42 of the Code) are eligible for a Boost. The most recent published **HUD List** or **Map** of DDAs and QCTs contains eligible areas. Projects may not apply with a Basis Boost. Requests for a Basis Boost will be considered as an Authority resource request.

### b. Discretionary Basis Boost

The Authority may provide a discretionary Boost and 9% Tax Credit Allocation to: (a) Projects that further the Authority's Policy Priorities & Objectives (see **Section I.C**); or (b) in order to effectively manage its resources or make a Project financially feasible.

## iii. Maximum Tax Credit Request

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

- A total Allocation of 1,700,000 for Projects pursuing General Track Scoring or 1,700,000 for Projects pursuing PSH Track Scoring; 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.

## Section IV: Geographic Set-Asides

### A. Set-Aside Determinations and Allocation Goals

The Authority utilizes geographic Set-Asides to determine allocation goals for its Tax Credits. Allocation goals are calculated based on population and the availability of other affordable housing development resources. The four geographic Set-Asides utilized within the QAP allow for Applications to be evaluated comparatively against others within the same geographic areas and/or distinct market types.

Applications pursuing 9% Tax Credits via either the General Track Scoring or PSH Track Scoring will be evaluated against other Applications submitted during the same annual round within their respective geographic Set-Aside. The Authority may, at its sole discretion, choose to allocate Tax Credits to the most competitive Project(s) across either of the scoring tracks within a Set-Aside.

Projects serving priority populations as defined in **Section I.C.ii.a** are strongly encouraged in every Set-Aside. A variety of mandatory requirements and scoring incentives intended to promote the housing needs of the Authority's priority populations are included throughout the QAP.

The Authority's approximate allocation goals for 9% Tax Credits within each Set-Aside are as follows:

Allocation Goal by Set-Aside	
Set-Aside	9% Allocation Goal
Chicago Metro	35%
City of Chicago	12%
Non-Metro	20%
Other Metro	18%
Statewide	15%
<b>Total 9% Tax Credit Allocation</b>	<b>100%</b>

The Authority may choose to modify any of these allocation goals including, but not limited to, only allowing a certain number of Projects or amount of Tax Credits to be allocated in any Set-Aside regardless of Applications' scores.

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

### B. Geographic Set-Aside Definitions

The four geographic Set-Asides utilized within the QAP are defined as follows:



Geographic Set-Aside Definitions			
Set-Aside	Description	Definition and Boundaries	List of Geographies
<b>Chicago Metro</b>	The metropolitan area comprised of Cook County and its five adjacent counties, but excluding the city of Chicago.	The county boundaries containing DuPage, Kane, Lake, McHenry, Will, and Cook counties, excluding the city of Chicago.	-
<b>City of Chicago</b>	Community areas within the city of Chicago.	The municipal boundary containing the city of Chicago.	-
<b>Non-Metro</b>	Typically rural communities that are not within the contiguous development area of a larger metropolitan region.	Regions that are located outside of any contiguous development metro areas, including all counties with fewer than 50,000 population.	Refer to IHDA's <b>Set-Aside Look Up tool</b>
<b>Other Metro</b>	Smaller metropolitan areas outside of the Chicago Metro region with contiguous development.	Metropolitan areas such as Springfield, Peoria, Rockford, etc., including smaller municipalities within an area of contiguous development.	

Projects with multiple Sites located across more than one of the defined geographic Set-Asides will be evaluated within the Set-Aside in which the largest share of its Project units exist. Assigned Set-Asides for any Project Site can be referenced utilizing IHDA's **Set-Aside Look Up tool**.

### C. Statewide Set-Aside

The Authority may choose to allocate 9% Tax Credits under the Statewide Set-Aside to Projects that meet the following requirements:

1. Projects that fulfill certain housing policy goals and further the Authority's stated policy priorities in **Section I.C**;
2. Projects that would not otherwise be awarded Tax Credits based upon their competitive score within their geographic Set-Aside; 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.

Applications will be competitively evaluated within their applicable geographic Set-Aside. Sponsors cannot apply for or request an award of Tax Credits under the Statewide Set-Aside.

## Section V: Application Process

All applications for 4% Tax Credits and 9% Tax Credits must adhere to the Authority's two-step application process. First, Sponsors must submit a PPA. Next, after the Sponsor receives an approval notice of the PPA, the Sponsor can submit a full Application. Required materials to be included in the submission and evaluation criteria for both the PPA and the full Application are discussed in detail **Sections VI** and **VII**, respectively. A summary table of the full application process for all Projects is provided below.

Application Process Steps		
Process step, in required chronological order	Projects pursuing 4% Tax Credits	Projects pursuing 9% Tax Credits
Submission of Preliminary Project Application ("PPA")	Required for all Projects	
Receipt of PPA evaluation and notification letter	Required for all Projects	
Approval	Sponsor may move forward with Application submission	
Conditional Approval	Sponsor may move forward with Application submission that addresses PPA condition(s)	
Denial	Application will not be accepted for the Project	
Submission of Application	Required for Projects that received a PPA Approval or Conditional Approval	
Receipt of requested Clarifications	Not applicable	Required for some Projects
Submission of Clarification responses	Not applicable	Required for Projects receiving Clarification request
Funding and award determination	Applicable for all Projects	

## Section VI: Preliminary Project Assessment

### A. About the PPA

When applying for Authority resources, the first required step for all Projects is completing a PPA. All 4% Tax Credit applicants and 9% Tax Credit applicants must complete the PPA process before submitting an Application. Required PPA documentation includes information related to the Project concept, location, financing assumptions, and development team. PPAs will be evaluated based on the five components outlined in **Section VI.E** below. The Website's **PPA section** contains all required submission forms and additional information.

### B. Timing

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

PPAs submitted for 9% Tax Credits will be accepted in accordance with the LIHTC Program Timeline.

### C. PPA Submission

PPAs are submitted electronically through **IHDA Connect** using the **Preliminary Project Assessment Workbook** ("PPA Workbook"). Sponsors must request a Project ID ("PID") and an account for IHDA Connect in order to submit a PPA. Once assigned a PID and granted access to IHDA Connect, the PPA Workbook and all additional documents must be uploaded electronically into IHDA Connect.

Sponsors can visit <https://ppa.ihda.org> to request an account for IHDA Connect and a PID. If a request for an account and/or PID is not fulfilled within three business days, Sponsors can reach out to [IHDAconnecthelp@ihda.org](mailto:IHDAconnecthelp@ihda.org) for assistance.

PPA documentation will not be accepted in paper form.

#### i. Multiple Program Consideration at PPA and Application Program Intent

PPAs submitted under this QAP must utilize the Preliminary Project Assessment Workbook. This combined option allows for a Project to be considered for a simultaneous PPA evaluation under the following Authority programs and funding rounds:

- Permanent Supportive Housing Development Program: Round XII
- 9% Low-Income Housing Tax Credits

Sponsors must clearly indicate within the PPA Workbook which program(s) they would like the Project to be considered for, and PPA submissions must include all information required in correlation with the respective program(s) as indicated in the PPA Workbook.

Projects will receive one or more PPA evaluation and notification letters (see **Section VI.F**). If a Sponsor requested consideration under more than one program at time of PPA submission, the Authority may use its discretion to determine which program is most appropriate for the Project to move forward within, which will be communicated through the PPA evaluation and notification letter. Should a Project receive an "Approval" or "Conditional Approval" for more than one program, Sponsors must indicate solely one program that they intend to pursue with an Application with the Project. To indicate their Application program intent, Sponsors must notify the Authority of which program they intend to pursue at Application by emailing the Authority no later the date published in the **LIHTC Program Timeline** on the Website.

Sponsors may not pursue an Application in more than one program for the same Project.

### D. Fees

Fees are due when the PPA is submitted to the Authority. Fees must be submitted using the **Multifamily Fee Payment Form**. This Multifamily Fee Payment Form also contains information regarding payment amount and instructions. If for any reason a Project does not move forward, the Authority will retain all fees paid to the Authority in connection with the Project.

## E. PPA Evaluation

The Authority will provide a PPA evaluation regarding Project characteristics in the following five categories:

1. Project Concept
2. Site
3. Market
4. Financial Feasibility
5. Development Team

PPA requirements and evaluation criteria for each of these categories will be determined as described in **Sections VI.E.i - VI.E.v** below. Sponsors must submit documentation to satisfy each category's criteria at time of PPA submission.

PPAs will receive an evaluation in each of the five categories, as well as an overall PPA evaluation determination (see **Section VI.F**) from the Authority. There are three possible outcomes for the four categories and overall PPA evaluation determination:

Possible PPA Evaluation Outcomes and Implications		
PPA Evaluation Outcome	PPA Category(ies)	Overall PPA Outcome
<b>Approval</b>	The PPA category is approved, criteria are satisfied	The PPA is approved, and a full Application will be accepted by the Authority
<b>Conditional Approval</b>	The PPA category is conditionally approved, criteria(on) are not fully satisfied and are subject to conditions*	The PPA is approved subject to conditions being met within any of the four categories
<b>Denial</b>	The PPA category is denied, criteria are not satisfied	The PPA is denied, and an Application will not be accepted by the Authority

\*Should a PPA receive a "Conditional Approval" in any of the five categories, its overall PPA outcome will be "Conditional Approval" or "Denial" pending evaluations received in the remaining categories. Applications are accepted under the assumption that conditions will be met. Penalty(ies) for unmet conditions in any of the categories are outlined in **Section IV.G** below.

### i. Project Concept Criteria

PPAs will be reviewed and evaluated for a Project's general concept including intended Project size, type, and population served. Projects pursuing consideration under the PSH Development Program or PSH Track Scoring (9% LIHTC) must also include information related to the Project's proposed housing referral coordination, service plan details, and proposed partnerships, if any.

Project concept information and all relevant details must be included in the designated text box narrative fields within the PPA Workbook. The Authority will evaluate all Project concepts on the following criteria:

#### a. Project size and type

- The proposed number of units; and
- The confirmed percentage of proposed PSH units within the Project (Projects seeking consideration under the PSH Development Program or PSH Track Scoring (9% LIHTC) only).

#### b. Target populations

- A description of the intended population(s) to be served by the project.

Projects seeking consideration under the PSH Development Program or PSH Track Scoring (9% LIHTC) must also provide information on the following two criteria, which will be evaluated as a part of the overall Project concept:

**c. Housing referral coordination**

- A description of the Project's proposed approach to housing referral coordination (this may include the intended use of Coordinated Entry to house persons experiencing homelessness, coordination with other state agencies to house certain priority populations, and any other housing referral partnerships).

**d. Preliminary service plan details**

- A description of the Project's proposed approach to providing supportive services for the target population, including:
  - Any existing or planned agreements/partnerships with service providers to provide services to tenants either on-site or in a community-based setting;
  - What services are anticipated to be made available to tenants. At a minimum, the following components must be addressed:
    - Case management;
    - Tenancy support services; and
    - Access to behavioral health services (including substance use and mental health services);
  - How social services will be funded;
  - Any on-site service space planned for the Project;
  - How coordination will occur between property management and social service staff; and
  - How the Project intends to align with Housing First principles.

While not required, Projects are encouraged to submit draft versions of service plans, agreements or MOUs for services or referrals, or other relevant documentation to support the Project Concept narrative.

**ii. Site Criteria**

PPAs will be reviewed and evaluated based on the location and fit of their Project Site(s) within the surrounding market area, and will include an evaluation of existing housing and demographic market characteristics.

The Authority will determine a Primary Market Area ("PMA") for each PPA for purposes of PPA review only. This PMA does not need to be the same PMA used in the Site and Market Study referenced in **Section VIII.M**. The PMA is determined using in-house mapping programs by:

1. Identifying a logical assemblage of the census tract(s) containing the Project Site(s) and adjacent census tracts for data aggregation purposes; and
2. Identifying natural market area boundaries (i.e., highways, roads, train tracks, waterways).

The Authority also conducts an on-the-ground visual review of each Project Site, which may inform or adjust the PMA.

The PMA determination process will be adapted appropriately for Projects with more than one Site by one of the two following methods:

1. Determining a single but expanded PMA that encompasses the full range all Project Sites; or
2. Determining more than one PMA to account for multiple Project Sites serving multiple markets.

**a. Enterprise Green Communities**

At time of PPA submission Projects must certify that they will adhere to EGC's 40 mandatory criteria at time of Application (see **Section VIII.P** for more details on EGC mandatory requirements). A Project's compliance with EGC's 40 mandatory criteria will be evaluated at time of Application and verified upon construction completion and Project close-out.

### iii. Market Criteria

#### a. Economic and Market Indicators

Economic and market conditions are reviewed and evaluated at PPA as components of a Project's market. Market factors included in this review are outlined in the **PPA Data and Metrics Chart**. The Authority uses only publicly available data in its PPA market review. In some cases, market factors have been combined into "indicators" designed to measure markets trends and/or changes. These indicators include, but are not limited to, the following indicators which are published as widgets on the Authority's **Market Research website**:

- The **Affordable Rental Unit Survey** ("ARUS");
- The **Affordability Risk Index** ("ARI"); and
- **Revitalization Impact Areas** ("RIAs").

Market data and indicators are reviewed for every Project based on the census tracts that are included within their PMA(s), as described in **Section VI.E.i**. The most current **PPA Review Parameters**, available on the Website, fully describe the Authority's market review metrics and evaluation methodology.

#### Optional supporting market and planning documentation:

Sponsors have the option of submitting documentation to help demonstrate a Project's compatibility with the Authority goals and/or project viability or convey the Project's vision that provides context outside of the Authority's PPA market review as described above. This documentation is not required, but could provide community-level information about an area's market characteristics that is not reflected in the market factors and indicators described above. Additional information is provided in the **PPA Review Parameters** document.

#### b. Food Access

Projects must demonstrate that their Site(s) has appropriate food access by evidencing proximity to one or more qualifying food access businesses. Projects with more than one Site need to demonstrate appropriate food access for each Project Site. A Project's food access will be reviewed and evaluated at PPA as a component of its market. The Authority publishes an **online Food Access Locator** to help Sponsors gauge food access availability near a Site.

The Authority utilizes the North American Industry Classification System ("NAICS") to determine qualifying food access businesses. Sponsors can refer to the **NAICS Association website** for NAICS code definitions. Qualifying food access businesses and proximity radii are determined based upon a Project's Set-Aside, and are defined as follows:

Food Access Requirements		
Set-Aside	Qualifying Food Access Business(es)	Minimum Proximity Radius (miles)
Chicago Metro	<ul style="list-style-type: none"><li>• Full-service grocery store (NAICS 445110)</li><li>• Fruit &amp; vegetable market/produce market (NAICS 445230)</li></ul>	1 mile
City of Chicago		
Other Metro		
Non-Metro	<ul style="list-style-type: none"><li>• Supermarket/Grocery (NAICS 445110)</li><li>• Fruit &amp; vegetable market/produce market (NAICS 445230)</li></ul>	5 miles

Convenience stores do not fulfill food access requirements in any Set-Aside. To document appropriate food access, Sponsors must provide a map and the name(s) and address(es) of the qualifying food access business(es). The Authority will use ESRI Business Analyst to confirm identified businesses meet the outlined criteria.



Projects that cannot meet the food access requirements defined above will receive a Conditional Approval on the PPA market evaluation requiring that additional documentation is provided demonstrating at least one of the following:

- Community plans to develop a supermarket, supercenter, grocery store, produce market or farmers market within the applicable minimum proximity radius for the Project's Set-Aside radii;
- The existence of a Community Revitalization Strategy that outlines strategies for improving food access that will benefit the Project; or
- Narrative that demonstrates how appropriate access to food access will be provided to the Project.

**c. Qualified Census Tracts and/or Racially or Ethnically Concentrated Areas of Poverty**

Projects with one or more Site(s) located in a QCT and/or R/ECAP must submit a Community Revitalization Strategy and supporting documentation that meets all mandatory requirements under the Community Revitalization thresholds (see **Section VIII.C**). This requirement will be evaluated at time of PPA submission and will be included as a component of the Project's market.

**iv. Financial Feasibility Criteria**

Various components of a Project's proposed financial characteristics will be evaluated at time of PPA submission, constituting the PPA financial feasibility category. In order to demonstrate financial feasibility, Projects must be consistent with requirements detailed in the Authority's **Underwriting Standards Guide**, which can be found on the Website.

**v. Development Team Criteria**

Proposed Project participants will undergo a screening for congruence with Authority requirements for development team experience, as detailed in **Section VIII.N**. This screening will constitute the PPA development team category. Sponsors will be required to complete a **Development Experience Certification** for each anticipated Sponsor (as identified on the organizational chart submitted with the PPA Workbook), general contractor, property manager and Architect of Record.

If a Sponsor does not meet stated ownership experience criteria as described in **Section VIII.N**, the Authority may, at its sole discretion, accept alternative evidence of the development team's appropriateness. Sponsors are encouraged to be in contact with the Authority prior to submittal of PPA regarding potential exceptions to the experience requirements for any of the Participants.

**F. PPA Evaluation and Notification Letters**

The Authority will electronically issue an evaluation and notification letter to the Sponsor with the outcome for a submitted PPA. The PPA evaluation and notification letter will contain an outcome (as described in **Section VI.E**) for each of the five categories, as well as the PPA outcome. The PPA evaluation and notification letter will also contain any conditions assigned via category Conditional Approvals received, if applicable, and potential penalties associated with non-compliance.

Overall PPA evaluation and notification letters for Projects seeking 4% Tax Credits are valid for 12 months after the date that they are issued or until the expiration of the QAP, whichever occurs first.

Overall PPA evaluation and notification letters for Projects seeking 9% Tax Credits are valid for all competitive scoring rounds held under the QAP. PPA evaluation and notification letters issued in connection with the Authority's 2024-2025 Qualified Allocation Plan competitive rounds will be considered valid for the 2026 QAP, pending no changes to the Projects' Project concept, site, market, financial feasibility, and development team, except pursuant to changes outlined in **Section VI.H** below. If a Sponsor intends to submit an Application with an approved PPA issued under the Authority's 2024-2025 QAP, they are strongly encouraged to reach out to the Authority at **MultifamilyFin@ihda.org** to review any potential changes to their previously approved PPA.

PPA evaluation and notification letters issued prior to the 2024-2025 Qualified Allocation Plan are not valid under the QAP. Sponsors who received a PPA evaluation and notification letter under a QAP prior to the 2024-2025 Qualified Allocation Plan but did not receive a Tax Credit allocation must resubmit a new PPA subject to the

requirements of the 2026 QAP.

If the Authority's allocation of resources in a Project's market area impacts relevant Project market conditions, the Authority may rescind an overall PPA Approval before the Project's Application is submitted. Sponsors will be notified in writing if their Project's overall PPA Approval has been rescinded.

#### **G. Conditional Approvals**

It is the Sponsor's responsibility to understand and address all conditions assigned through a PPA Conditional Approval no later than at time of Application submission or otherwise requested. Sponsors whose PPA(s) has received one or more Conditional Approvals are encouraged to meet with Authority representatives to discuss the noted concerns before submitting an Application.

Applications seeking 9% Tax Credits that do not adequately address conditions received via the PPA evaluation and notification letter will receive a deficit of three points on their Application's assigned score. Failure to address the conditions received by the time of Application submittal may result in a condition(s) being added to the closing process, should the Application in question receive an award of credits.

#### **H. Changes Between PPA and Application**

The Authority expects that an Application corresponding with an approved PPA be substantially similar to the Project as approved under the PPA. The Authority will not approve an Application for a Project which has changes to Site(s), population served or construction type.

Nonetheless, the Authority recognizes some Project changes may occur after PPA approval and prior to Application. Any changes in Project structure must be disclosed via a formal written request to the Authority prior to the submission of the Application. Any deviations from the PPA that are included in the Application and have not been formally approved by the Authority may result in disqualification of the Project from consideration for Authority resources or a deduction of points from the Project's overall score, if applicable. In its sole discretion, the Authority may consider the following changes permissible:

- A decrease to the total number of units as long as the proportion between Area Median Income ("AMI") levels remains the same;
- 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;
- A modification of income restrictions to increase the number of units for extremely low-income households;
- An increase in the amount of rental assistance;
- An increase to the number of Statewide Referral Network ("SRN") Units, so long as the SRN Units do not exceed 25% of total Project units;
- Changes required to address concerns noted by the Authority; and
- Changes specifically requested by the Authority.

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

## Section VII: Application Overview

Following PPA approval, an Application can be submitted for Projects seeking Tax Credits. Application can be submitted either for 4% Tax Credits or 9% Tax Credits.

### A. Submission & Timing

4% Tax Credit Applications will be accepted on a rolling basis, subject to change in the Authority's sole discretion. The Authority will only process complete Applications. At the Authority's discretion, the Authority may request that sponsors who have submitted incomplete, financially infeasible or otherwise deficient Applications resubmit their Applications.

9% Tax Credit Applications will be accepted one time per year according to the schedule posted on the Website. The **LIHTC Program Timeline** provides additional details and applicable dates.

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

4% Tax Credit Applications and 9% Tax Credit Applications are accepted online through **IHDA Connect**. Applications will not be accepted in paper form.

#### i. Application Program Intent

If a Project requested consideration under multiple programs at time of PPA and received an "Approval" or "Conditional Approval" for more than one program, Sponsors must indicate solely one program that they intend to pursue with an Application with the Project. Before being allowed to access the IHDA Connect Application portal and submit an Application, Sponsors must indicate their Application program intent. To indicate Application program intent, Sponsors must notify the Authority of which program they intend to pursue at Application by emailing the Authority no later the date published in the **LIHTC Program Timeline** on the Website.

Sponsors may not pursue an Application in more than one program for the same Project.

### B. Fees

The **Multifamily Fee Payment Form** contains all current fee information. Fees for all Authority resources with below market interest rates, such as HOME, or Trust Fund, and for Illinois Affordable Housing Tax Credits ("IAHTC") will be due at the time of the Application for 9% Tax Credits. Applications for 4% Tax Credits must include all fees for Authority resources with below market interest rates and for IAHTC. If, for any reason, a Project does not move forward the Authority will retain all fees paid to the Authority in conjunction with the Project. Asset Management fees, such as compliance and asset management servicing fees, are not included in this reference. The Authority reserves the right, in its sole discretion, to charge a fee for additional resource requests that are received after the Application is submitted.

### C. Application Materials

The full Application must include a fully completed Common Application Workbook and all documentation as required in the QAP sections indicated below:

Required Documentation by Tax Credit Type			
Tax Credit Type	Project Type	Required QAP Section	
4% Tax Credits	The Authority is the bond issuer, lender and/or is only issuing a 42(m) Letter	Mandatory Components	Section VIII
		Scoring Components	Section IX
9% Tax Credits	All 9% Tax Credit requests (General Track Scoring and PSH Track Scoring)	Mandatory Components	Section VIII
		Scoring Components	Section IX

The full Application must be clear, unambiguous, complete and include all supporting documentation described in the respective sections of the QAP. Common Application Workbooks must be submitted with current Application forms and documents, which can be downloaded from the **Developer Resource Center** section of the Website. All tabs of the **Common Application** workbook must be complete at the time of submission.

Unless otherwise indicated, all documentation submitted must be signed and dated within nine months of the application deadline.

#### **D. Evaluation**

Applications will be evaluated as follows:

##### **i. Completeness Review**

Projects will be reviewed solely based on the materials contained in the Application. To be considered complete, an Application must include:

1. All applicable fees and required signatures;
2. The Common Application, including all required documents outlined in **Section VIII** and **Section IX**; and
3. All criteria outlined in **Section VIII** in order to proceed to competitive scoring as set forth in **Section IX**.

Incomplete Applications for 4% Tax Credits will not be processed until the Application is complete.

Application materials for 9% Tax Credits submitted after the due date will only be reviewed at the Authority's discretion, and may be subject to the clarification process.

After review of all 9% Tax Credit Applications, the Authority may issue an email request for clarification of any 9% Tax Credit Application submissions ("Clarification Letter"). The Authority will allow a three-business day clarification period. Any response to a Clarification Letter must be in writing and will be allowed only during that three-business day period. The Sponsor's response may not include any new information or any additional submission outside of the items noted in the Clarification Letter.

If a Sponsor fails to respond to the Clarification Letter in writing to the Authority's satisfaction Authority during the three-business day clarification period, the Authority will review the Application using only the information previously submitted.

##### **ii. Mandatory Components Review**

Applications will be reviewed to determine if they meet the mandatory requirements set forth in the **Section VIII**. Applications that fail to meet one or more of the mandatory requirements after any clarification period will not be formally scored.

##### **iii. Scoring Components Review**

Applications can elect to follow one of two scoring tracks: the General Track Scoring or PSH Track Scoring. Applications choosing to pursue PSH Track Scoring must dedicate at least 30% of their total units to serving Supportive Housing Populations. Projects that dedicate more than 50% of their total units to serving Supportive Housing Populations will receive a scoring incentive as set forth in **Section IX.F.vi**. Applications for 9% Tax Credits will be reviewed and ranked according to the scoring criteria set forth in the Section IX within each geographic Set-Aside based on Project location. The Authority may, at its sole discretion, choose to allocate Tax Credits to the most competitive Project(s) across either of the scoring tracks within a Set-Aside.

#### **E. Conditional Allocation of Tax Credits**

Prior to the issuance of IRS Form 8609, Projects selected for 4% Tax Credits and 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.

## Section VIII: Application - Mandatory Components

Sponsors must submit the documentation required as outlined in the **Mandatory Application Checklist**. The Authority reserves the right to amend, modify or waive specific nonmaterial submission requirements or requisite documentation in order to affirmatively further fair housing.

The following components in this section are required for every 4% and 9% Tax Credit Application, including Applicants pursuing the General Track Scoring or PSH Track Scoring

### A. Project Narrative

The Application must include a completed Project Narrative form, which is part of the **Common Application**.

The purpose of the Project Narrative is to provide a complete overview of Project scope, building and unit features, and population served. Sponsors are encouraged to provide an overview of project financing, including terms for non-Authority sources, in the Project Description and to limit their narrative for remaining sections (project / unit amenities, project population, etc.) to details related to each topic.

### B. Certificate of Consistency

All Applicants will need to submit a certification of consistency with the Project area's Consolidated Plan. For a list of HUD participating jurisdictions and the respective counties and municipalities see the **Certificates of Consistency (HUD) lists** on the Website.

### C. Community Revitalization

A Community Revitalization Strategy and supporting documentation that at a minimum meets the mandatory requirements under the Community Revitalization thresholds (see the **Community Revitalization Strategy Thresholds and Scoring Criteria**) must be provided at the time of Application for Projects with one or more Site(s) located in a QCT and/or R/ECAP, or if otherwise noted at time of PPA evaluation. Sponsors will be notified of this condition at the time of PPA evaluation and notification letter. This Strategy must target a Community Revitalization Strategy Area(s) ("CRSAs") that pertains to the subject unit(s) for which this requirement applies. Projects that fail to provide a Community Revitalization Strategy that meets the minimum thresholds will enter the scoring competition at a deficit of three points.

### 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:

1. 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.
2. Aerial photograph(s) of the Site(s) with the boundaries of the Site(s) clearly delineated and surrounding uses clearly visible; and
3. Evidence of site control, which can only be demonstrated with site control documentation for each Site that prohibits preemptive termination language and consists of one of the following:
  - a. A fee simple interest in the Site in the name of the Sponsor or Owner; or
  - b. A fully executed, binding agreement with a term ending no sooner than six months after the Application deadline, signed by both the Sponsor or Owner and:
    - i. the seller of the Site; or
    - ii. the seller for the long-term lease of the Site with a lease term of at least 99 years; or
    - iii. the seller of the Site evidencing land and/or building donation; or
  - c. 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. The letter of intent must be valid at least six months after the Application deadline.

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

1. The expiration date for purchase option(s), purchase agreement(s), or letter(s) of intent;
2. The legal description of the Site(s);
3. The sale or lease price of the Site(s), which must align with acquisition costs in the Project budget in the Common Application; and
4. Language that complies with the environmental review and voluntary acquisition guidelines outlined in the **Site Control Compliance Language** example on the Website OR a copy of this language that contains a dated, counter-signature from the seller.

**i. Properties Larger than the Site(s)**

If a property is larger than the Site, the following information must be substituted for point 2 and point 3 above, respectively. First, the legal description of the Site must be provided prior to Allocation. Second, a detailed narrative and calculation of the Site sale or lease price on a per square footage basis must be submitted at the time of Application.

**ii. Sponsor or Third-Party Related Entity Purchase and Subsequent Conveyance**

If a Sponsor or related third-party entity will purchase the Site(s), and subsequently convey it to the Project Owner, the following information must be provided:

1. A narrative outlining the expected sale or lease price;
2. The proposed dates of conveyance; and
3. The reason for the conveyance.

The seller cannot terminate the agreement prior to the mandatory six-month term.

**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 in a timeframe compatible with the project’s two-year Placed in Service date.

**i. 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) (i.e., 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.

**ii. Sites with Pending Re-Zoning, Variance, or Special Use Applications**

The Authority recognizes that a Site may need a re-zoning, a variance to existing zoning, or a special use permit. In these circumstances, the Application must include a letter from the local zoning administrator (or chief elected official in localities without a zoning administrator). The letter must identify the Project and contain the following information:

1. The location of the Site(s) (i.e., address or street crossings);
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 re-zoning, variance, or special use permit approval process; and



4. Evidence the re-zoning, variance, or special use permit process has been initiated; and
5. Evidence of which stage in the re-zoning, variance, or special use permit approval process the Project has reached; and
6. Evidence that the re-zoning, variance, or special use permitting will be reviewed in a timely manner, including any available dates.

### iii. PUD Project Sites

In cases where zoning will be addressed through a PD/PUD process, the Application must include evidence that indicates whether the PD/PUD already exists or whether it is yet to be established. As evidence of the PD/PUD status, the Application must include 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) (i.e., address or street crossings);
2. A description of the Project (including number of units, proposed use, and whether it is new construction, rehabilitation, or both);
3. A written explanation of the PD/PUD approval process;
4. Evidence the PD/PUD process has been initiated;
5. Evidence of which stage in the PD/PUD approval process the Project has reached; and,
6. Evidence that the PD/PUD will be reviewed in a timely manner, including any available dates.

Additionally, if the PD/PUD already exists, the Application should indicate what, if any, amendments or additional planning processes are required.

## F. Site Physical Information

The EGC mandatory criteria included in **Section VIII.P** also addresses Site physical information. Please see **Section VIII.P** below.

### i. Floodplain or Floodway

The Application must include a FEMA floodplain map covering the Project area with the boundaries 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 the following information based on the Project construction type:

Construction Type	Rehabilitation	New Construction
Site plan requirements/features that must be clearly indicated	<ul style="list-style-type: none"> <li>• The historic frequency of flooding and flood related repairs;</li> <li>• The FEMA-determined elevation of the floodplain or floodway;</li> <li>• The elevation of the lowest floor level in the existing buildings;</li> <li>• The location of the existing buildings; and</li> <li>• Evidence that the Site is enrolled or is eligible to enroll in the National Flood Insurance Program.</li> </ul>	<ul style="list-style-type: none"> <li>• The FEMA-determined elevation of the floodplain or floodway;</li> <li>• The elevation of the lowest floor level in the proposed buildings; and</li> <li>• The location of the proposed buildings.</li> </ul>
Other information to 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 inches above the FEMA designated floodplain elevation.	Buildings must be situated outside the floodplain. 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 a reclassification out of the floodplain.

## ii. 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 or wetlands permit from the U.S. Army Corps of Engineers; or
- A wetland delineation report, if available.

If none of the above are available, a narrative must be provided outlining how the Sponsor intends to meet the wetlands mandatory requirement.

## iii. 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;
- Information indicating the depth of the mine, the type of mining that was performed and the year that mining ceased;
- 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.

#### iv. Seismic

The Application must include a seismic zone map for the Project area with the boundaries of all Sites clearly delineated. Seismic zone maps may be obtained from the **U.S. Geological Survey (“USGS”) website**. The map must identify any natural hazards located on, adjacent to or near the Site, such as steep slopes, geological faults or hazardous terrain features.

#### G. Historic Preservation

All Projects must meet the requirements of the National Historic Preservation Act and the Illinois State Historic Resources Protection Act, as determined by the State Historic Preservation Office 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 all documentation listed in the **Historic Preservation Checklist** found on the Website. If the Project involves federal funds, the Authority must submit a review request to IDNR after the Authority receives the checklist. There is a mandatory 30-day review period required for obtaining an approval letter from IDNR.

Projects that are seeking state or federal historic tax credits must also submit:

- A projected timeline for securing all necessary approvals; and
- Part I and/or Part II of Historic Preservation Certification application, if available.

#### H. Phase I Environmental

The Application must include a Phase I Environmental Site Assessment (“Phase I”) covering all Sites. The Phase I must be completed within one year prior to the Application deadline according to the Authority’s Design, Construction and Regulatory Compliance Requirements, including all appendices.

If a Phase II Environmental Site Assessment (“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. Design, Construction & Regulatory Compliance Requirements

All Projects must meet the requirements contained in the Authority’s Design, Construction and Regulatory Compliance Requirements, which are available on the Website.

##### i. 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. Requirements

All Projects must comply with the Authority’s **Design, Construction and Regulatory Compliance Requirements**, including the following:

##### i. Universal Design

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

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

appealing an outcome as possible.

Universal Design is not a safe harbor from 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 that each Project include 10 additional items, not required by code, in 100% of the units. The 10 additional items must be selected from the list included on the **Architectural Standards, Universal Design, and Amenities Certification** and be incorporated in the Project. 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.

## ii. Amenities

The Application must include Project amenities as specified in the **Design, Construction and Regulatory Compliance Requirements**. The Project must also incorporate a minimum of five additional amenities selected from the list included on the **Architectural Standards, Universal Design, and Amenities Certification**.

## ii. Preliminary Plans and Specifications

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

1. Cover sheet with development title, development team, drawing index, building areas and code information;
2. Dimensioned floor plans, including square footage, for all unit and building types, with room designations and proposed finishes;
3. Exterior elevations for all building types with material notations matching those defined within the scoping document discussed below;
4. 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; and
5. Project Scope Certification, signed by the Architect and Sponsor. The Project Scope Certification must include a written description of the full Project scope. Items to be included, but not limited to, in this document are:
  - Specifications indicating all materials selected and/or defined performance criteria (e.g., windows, doors, hardware, drywall, exterior materials, floor and wall finishes);
  - 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 items included in the Project.

## J. Construction Cost Breakdown

The Application must include:

1. The Construction Cost Breakdown form in the **Common Application** completed by a qualified contractor, Architect of Record, or construction cost consultant;
2. A detailed explanation of all construction cost variances existing between the Construction Cost Breakdown and Physical Needs Assessment ("PNA"), if applicable; and
3. An upfront construction analysis cost at the time of initial closing if the Authority is providing construction financing. The Authority will accept the report engaged by the syndicator or construction lender, provided that the Authority must be named on the report.

All Projects must provide a Construction Cost Breakdown that is completed by an independent third-party construction cost estimation firm according to the Authority's **Design, Construction and Regulatory Compliance Requirements**.

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 & Adaptive Reuse**

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

##### **i. Physical Needs Assessment**

The Application must include a third-party PNA completed according to the **Design, Construction and Regulatory Compliance Requirements** and based on the existing conditions of the property.

##### **ii. Minimum Rehabilitation Standards**

The proposed rehabilitation work must address all items identified as “Critical” or “Immediate” in the PNA (i.e., within five years).

Items identified in the PNA capital needs replacement schedule as five-to-seven-year needs must be addressed either:

- As part of the current construction scope of work; or
- In the budgeting of the reserves to ensure these items will be completed within timeframes identified in the PNA.

In addition, all Projects requesting Tax Credits must include the following minimum budget of \$40,000 hard construction costs 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 throughout the Project with fixtures meeting the criteria identified in the **Design, Construction and Regulatory Compliance Requirements**;
- Replacement of all light fixtures throughout the Project with fixtures meeting the criteria identified in the **Design, Construction and Regulatory Compliance Requirements**;
- Replacement of all flooring throughout the Project with FloorScore certified flooring;
- Repair/Replacement of one additional major system beyond 90% of its useful life (furnaces, water heaters, central boilers, air conditioning equipment, elevator, windows, roofing, tuckpointing of exterior masonry, etc.) throughout the entire building; and
- Painting of all units and Common areas.
- The Authority may waive any of the above items based on the PNA.

Applications for 9% or 4% Tax Credits must include a detailed explanation of all construction cost variances existing between the development budget and the PNA. In addition, any deviation from rehabilitation scope noted above will require a detailed explanation. The Authority reserves the right to modify the construction scope based on a review of the explanation.

#### **L. Relocation**

If the Project involves the acquisition or rehabilitation of any property that is occupied by residential or commercial tenants as of application date, the Application must demonstrate that the Project will not cause permanent Displacement and must include a relocation plan. The relocation plan must include all items listed on the **Relocation Checklist**, together with any other documentation required by law, such as Tenant Notice Letters as required under the Uniform Relocation Act. The designated “Relocation” budget line in 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. Market Study

The Application must include a Site and Market Study completed according to the Authority's most current **Standards for Market Study Reviews and Professionals**, available on the Website. The original Site and Market Study should be no more than nine 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 nine-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 expiration 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. A completed **Site and Market Study Summary Form**, which must be substantiated by the Site and Market Study;
2. General liability, auto, and workers' compensation insurance certificates;
3. Documentation evidencing 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**; and
4. Calculations of penetration rate and capture rate, which must conform to the Authority's standard of these calculations as discussed in the **Standards for Market Study Reviews and Professionals**<sup>1</sup>.

The Authority will review the Project's market as demonstrated through the Site and Market Study. If the outcome of the market review contradicts the previous PPA approval, the Authority reserves the right to reverse the market 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; and
- Changing or declining occupancy levels at existing affordable properties that indicate the market is unable to support additional units.

## N. Development Team

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

### i. Required Documentation

The Application must include the following documentation related to the appropriateness of the development team:

- A completed **Development Experience Certification** for each Project Sponsor (as identified on the organizational chart), the general contractor<sup>2</sup>, property manager, and Architect of Record.
- Documentation of general contractor experience, verifying that the general contractor meets the general contractor experience requirements.

Projects that receive Tax Credit Allocations will be required to submit certificates and licenses of property managers prior to initial closing.

### ii. Required Experience

The Authority's minimum mandatory Participant experience standards are listed in the two tables below. Any Participant with an existing Authority project must demonstrate capacity on the experience certification. The Authority will exercise its discretion when accepting alternative verification of acceptable experience. Sponsors are

<sup>1</sup> Alternative methodology is allowed, but the Authority standard methodology must also be included.

<sup>2</sup> Projects subject to a public competitive bidding process to select a general contractor are not required 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.



encouraged to be in contact with the Authority prior to submittal of PPA regarding potential exceptions to the below experience requirements for any of the Project Participants.

Participant Type	Base Experience Requirements	Specific Experience Requirements
<b>Sponsor/Owner</b>	At least two years of experience including the development and operation of a project meeting one of the following Specific Experience Requirements:	<ul style="list-style-type: none"> <li>• A Tax Credit development that contains at least 75% of the number of housing units in the proposed Project; or</li> <li>• A subsidized, low-income multifamily rental development that contains at least at least 75% of the number of housing units in the proposed Project; or</li> <li>• A comparable affordable housing development as determined by the Authority.</li> </ul>
<b>General Contractor</b>	-	<ul style="list-style-type: none"> <li>• A history of similar work and type as required for the Project;</li> <li>• A general contractor license in the jurisdiction in which the Project is located; and</li> <li>• A proposed project manager who is an employee of the general contractor and who has at least five years of experience with multifamily residential construction and/or rehabilitation.</li> </ul>
<b>Architect of Record</b>	-	<ul style="list-style-type: none"> <li>• Registration to perform architectural services in the State of Illinois as either a professional organization or a Sole Proprietor; and</li> <li>• A history of similar work and type as required for the Project; and</li> <li>• At least five years of experience with multifamily residential construction and/or rehabilitation.</li> </ul>

## Property Management Experience Requirements

Documentation of property management experience is not required at Application.  
Owners will be required to document the property management experience prior to initial closing.

Participant Type	Base Experience Requirements	Specific Experience Requirements
<b>Property Manager</b>	Must be an organization whose principal business purpose is to provide residential property management services, including at a minimum the following Specific Experience Requirements:	<ul style="list-style-type: none"> <li>• Preparation of annual operating and capital budgets;</li> <li>• Employment and supervision of all site staff;</li> <li>• Maintenance of financial and accounting records;</li> <li>• Ensuring compliance with all federal, state, and governmental agencies;</li> <li>• Ensuring compliance with fair housing laws, including protected classes, affirmative fair housing marketing, accessibility, reasonable accommodations, and reasonable modifications;</li> <li>• Supervising and performing maintenance and building services, including securing bids and contracting for vendor services;</li> <li>• Marketing and leasing apartments;</li> <li>• Marketing and leasing commercial space (only applicable to Projects proposing commercial space); and</li> <li>• Collecting rent.</li> </ul>
	Must have at least two years of experience including the lease up and stabilization (90% occupancy within one year of Placed in Service date) of a project with tenant income certifications and ongoing reporting requirements meeting one of the following Specific Experience Requirements:	<ul style="list-style-type: none"> <li>• A Tax Credit development that contains at least 75% of the number of housing units in the proposed Project; or</li> <li>• A subsidized, low-income multifamily rental development that contains at least 75% of the number of housing units in the proposed Project; or</li> <li>• A comparable housing development as determined by the Authority.</li> </ul>
	Must employ staff who, at a minimum, possesses the following certifications, licenses, and training:	(See specific Project type/criteria below)
	<b>All Projects</b>	<ul style="list-style-type: none"> <li>• Licensed Real Estate Broker or Leasing Agent (this is not required for Public Housing Authorities, unless they are acting as third-party management agent);</li> <li>• Low-Income Housing Tax Credit Compliance Specialist;</li> <li>• Fair Housing and Affirmative Marketing certifications, such as the National Association of Housing and Redevelopment (“NAHRO”), Institute of Real Estate Management (“IREM”).</li> </ul>
	<b>Projects contemplating federal funds</b>	<ul style="list-style-type: none"> <li>• Certified Occupancy Specialist</li> </ul>
	<b>Projects contemplating rental subsidy</b>	<ul style="list-style-type: none"> <li>• Blended Occupancy Specialist</li> </ul>

### iii. 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 within 12 months of the execution of the Reservation Letter and payment of the Reservation fee;
- 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 or for any Project;
- A Participant maintaining an ownership interest in a Project has a history of delinquent payments on any loan made by the Authority under any program or for any Project;
- A Participant is found to have a history of uncorrected IRS Form 8823 Report of Noncompliance with the IRS within the Compliance Period or a history of non-compliance during the extended use period beyond the initial Compliance Period;
- A 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; and
- A Participant has failed inspections or open compliance findings or unpaid compliance fees for a development in which they are developer, owner, or property manager.

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 requirements detailed in the Authority's **Underwriting Standards Guide** document, which can be found on the Website. Compliance with the Authority's financial feasibility standards will be substantiated by submission of the **Common Application** form and due diligence items specified in the Underwriting Standards Guide.

### P. Enterprise Green Communities

All Projects, with the exception of minor rehabilitation Projects as defined in the Design, Construction and Regulatory Compliance Requirements, must adhere to the **2020 Enterprise Green Communities** 40 mandatory project criteria in the eight major sections of the EGC program, as outlined below, unless pursuing a Green Building Certification described in **Section IX.B.i-iii**. Proof of a Green Building Certification will be required prior to construction close-out.

While full Enterprise Green Communities certification is not required, all projects, whether a rehabilitation, new construction or adaptive reuse must adhere to the mandatory criteria of Enterprise Green Communities. These criteria include:

1. Integrative Design;
2. Location and Neighborhood Fabric;
3. Site Improvement;
4. Water;

5. Operating Energy;
6. Materials;
7. Healthy Living Environment; and
8. Operations, Maintenance, and Resident Engagement.

Please refer to the **IHDA Enterprise Green Communities Workbook** for complete detail on each of these items' requirements. Sponsors must submit the Authority's **IHDA Enterprise Green Communities Workbook** for review to demonstrate the project will meet these mandatory criteria. If the Sponsor submits an **IHDA Enterprise Criteria Waiver Request** (in the Workbook) and the Authority finds the request acceptable, the Authority may consider waiving singular elements of these criteria.

Sponsors that pursue any of the non-Enterprise Green Building Standard Certifications as outlined in **Section IX.B.i** will receive an automatic waiver for the Enterprise Green Communities mandatory components as outlined above. Any Project pursuing one of these alternate green certification paths as outlined in these sections must adhere to that certification's mandatory criteria.

#### **Q. Policy and Priority Population Considerations**

##### **i. Statewide Referral Network**

All Projects pursuing 4% Tax Credits in any geographic Set-Aside must dedicate 5% of total affordable units to the SRN at 30% AMI. The Authority will waive this SRN requirement on Projects pursuing 4% Tax Credits at its sole and absolute discretion.

All Projects pursuing 9% Tax Credits in the Chicago, Chicago Metro, or Other Metro geographic Set-Asides must dedicate 10% of total units to the SRN at 30% AMI.

All Projects pursuing 9% Tax Credits in Non-Metro geographic Set-Aside must dedicate 5% of total units to the SRN at 30% AMI.

To evidence the dedication of units to the SRN, Sponsors must submit a draft of the **Statewide Referral Network Agreement** available on the Website. If the Project will utilize HUD Project Based Rental Assistance in the Authority SRN units, the Sponsor is responsible for coordination with both funding agencies to ensure applicable tenant selection criteria is documented for the SRN program. The **HUD TSP Addendum** approved by HUD and Authority may be required before Initial Closing.

##### **ii. Veterans Housing Preference**

Projects must exercise a waitlist preference for veterans for a minimum of 10% of the development's total units. A waitlist preference shall mean that if there is a veteran on the Project waitlist, the veteran's application shall be considered before non-veteran applicants. If there is not a veteran on the Project waitlist, the unit may be filled with qualified applicant who is not a veteran. If 10% of Project units are occupied by veterans, the Project will not be required to execute the preference until veteran occupants drop below the 10% minimum, though Projects may elect to apply the preference for more than 10% of the units. The waitlist preference shall be documented in the **Application Certification** as well as the Project's TSP and will not prohibit other preferences from being instated.

#### **R. Qualified Contract Waiver**

To ensure Project affordability throughout the Extended Use Period, all Sponsors will be required to waive their right to seek a Qualified Contract. This requirement applies to Sponsors for both 9% Tax Credit Projects and 4% Tax Credit Projects. This waiver will be included in the Project's Extended Use Agreement.

#### **S. Application Certification, Organizational Chart, and Identity of Interest Certification**

Sponsors must submit a completed **Application Certification, Organizational Chart and Identity of Interest Certification**. This combined document can be found on the Authority Website.

The Application Certification provides a written certification that the Project will adhere to certain affirmative fair housing policies, tenant selection policies, subsidy acceptance policies and be willing to submit additional documentation under certain circumstances. Among these requirements are adherence to Authority smoke-free

housing requirements and a preference for veterans housing on all affordable Project units, which will be documented in the Project's TSP executed prior to closing.

The Organizational Chart includes all entities within the proposed single purpose entity Owner. All entities appearing on the organizational chart must also submit Sponsor **Development Experience Certification** forms, as described in **Section VIII.N.i** and **Section VIII.N.ii**.

The Identity of Interest Certification provides written certification as to whether an Identity of Interest exists in the Project.

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## Section IX: Application - Scoring Components

The QAP provides two competitive scoring tracks that Applications pursuing 9% Tax Credits can follow and be evaluated within: General Track Scoring and PSH Track Scoring. Applications must select one of the two competitive scoring tracks to follow at time of Application and must adhere to their selected track's applicable scoring categories and requirements. Applications may not select individual categories to adhere to within both scoring tracks. A Project must have at least 30% of its total units dedicated to serving Supportive Housing Populations to qualify for consideration under PSH Track Scoring. For PSH Track Scoring, the Authority may consider units that serve Supportive Housing Populations who make between 30% and 50% AMI within a Project's unit mix under the following circumstances:

- These units are proposed in addition to the required 30% of total units dedicated to serving Supportive Housing Populations;
- The Project demonstrates the need for units serving Supportive Housing Populations above 30% AMI;
- These units are covered by project-based rental assistance for a minimum of 10 years; and
- Tenants within these units pay no more than 30% of their income towards rent and utilities.

Projects with less than 30% of their total units dedicated to serving Supportive Housing Populations must adhere to the General Track Scoring requirements.

The maximum Project score possible under each of the two competitive scoring tracks is 100 points. Projects pursuing either the General Track Scoring or PSH Track Scoring will be competitively evaluated against one another within their respective geographic Set-Asides. The Authority may, at its sole discretion, choose to allocate Tax Credits to the most competitive Project(s) across either of the scoring tracks within a Set-Aside.

All Applications for Projects seeking Tax Credits through the 9% Tax Credits process must submit the documentation required per the Scoring Checklist (located in the respective Scoring Workbook for each competitive scoring track, available on the Website) and detailed below. Scoring certifications for each scoring category are also located in the respective Scoring Workbook for each competitive scoring track.

Unless otherwise indicated in the QAP, all documentation submitted must be dated within nine 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.



Primary and Sub-Categories	General Track Scoring	PSH Track Scoring
	Points	Points
<b>Project Design and Construction</b>	<b>15</b>	<b>15</b>
Accessibility: Universal Design	7	7
Accessibility: Additional Accessible Units*	3	3
Unit Mix	2	2
Cost Containment	3	3
<b>Sustainability and Energy Efficiency*</b>	<b>13<sup>#</sup></b>	<b>7<sup>#</sup></b>
Green Building Certification: Basic Level	7	7
Green Building Certification: Advanced Level	10	-
Green Building Certification: Net Zero Level	13	-
Energy Efficiency Certification	13	7
<b>Community Characteristics</b>	<b>27</b>	<b>27</b>
Market Characteristics	3	3
Community Targeting*	10	10
Affordability Risk Index	5	5
Transportation	2	4
Neighborhood Assets	5	5
Affordable Housing Planning and Appeal Act Projects*	2	-
<b>Development Team Characteristics</b>	<b>15</b>	<b>13</b>
Illinois Based Participants	4	2
<b>FOR-PROFIT TEAM ONLY CHARACTERISTICS</b>	<b>11</b>	<b>11</b>
BIPOC Development Control*	11	11
Women/Disadvantaged/Minority Enterprises*		
<b>NON-PROFIT TEAM ONLY CHARACTERISTICS</b>	<b>11</b>	<b>11</b>
BIPOC Development Control*	7	7
Women/Disadvantaged/Minority Enterprises*		
Non-Profit Organization Participation	4	4
<b>Financial Characteristics</b>	<b>18</b>	<b>16</b>
Rental Assistance	8	8
Deeper Income Targeting*		-
No Additional Authority Resource Requests	2	-
Leveraging	8	8
<b>Most Vulnerable Populations*</b>	<b>12</b>	<b>22</b>
Statewide Referral Network Participation	10	4
Section 811 Project-Based Rental Assistance	2	2
Coordination of Referrals	-	4
Coordination of Services	-	6
Supportive Housing Experience, Training and Endorsements	-	4
50% or More Units Dedicated to Supportive Housing	-	2
<b>Totals</b>	<b>100</b>	<b>100</b>

\*Denotes a policy priority

<sup>#</sup>Points may be awarded cumulatively but will be limited to the indicated category maximum

## A. Project Design and Construction

Projects pursuing the General Track Scoring and PSH Track Scoring are held to different requirements but can achieve the same number of points under the Project Design and Construction scoring category.

### i. Universal Design

A Project can earn up to seven points for providing an additional 10 elements above mandatory Universal Design requirements, and not required by code, in 100% of units. For Universal Design mandatory requirements, please refer to the Authority's **Design, Construction and Regulatory Compliance Requirements**.

### ii. Additional Accessible Units

A Project can earn an additional three points if it includes another 5% Type A accessible units, i.e., for a total of 15%.

### iii. Unit Mix

Projects can earn up to two points based on the following unit mix percentages:

Unit Mix Requirements		
General Track Scoring only		
Elderly Restricted Units	Non-Elderly Units	Points
Two-bedroom units as a percentage of Elderly restricted units	Three-bedroom and larger units as a percentage of total units	
1% – 9.9%	25% - 49.9%	1
10% – 25%	50% or more	2
PSH Track Scoring only		
All Projects regardless of Population Type		Points
Two-bedroom and larger units as a percentage of total units		
1% – 9.9%		1
10% – 25%		2

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

### iv. Cost Containment

A Project can earn up to three points for containment of costs. Points will be awarded to Projects with costs below the grand total hard cost limits as set forth in the **Underwriting Standards Guide** found on the Website. The following Projects are eligible for consideration for cost containment points:

**New Construction and Adaptive Reuse:** Three points for Projects for which hard costs are no more than 90% of limits and equals 70% or more of total development cost.

**Rehab or Rehab/New:** Three points for Projects for which hard cost is no more than 90% of limits and equals 65% or more of total development cost.

In the event that the costs increase any time between Reservation and IRS Form 8609, such that the Project would not have been eligible for cost containment points in the same amount as proposed in the Application, such change will be considered in the review of future Applications and could negatively impact future Applications to the Authority.

## B. Sustainability and Energy Efficiency

Projects pursuing the General Track Scoring and PSH Track Scoring are held to different requirements and can achieve a different number of points under the Sustainability and Energy Efficiency scoring category.

Projects pursuing either the General Track Scoring or PSH Track Scoring may commit to a qualifying green building certification program, though are restricted to qualifying program type and points available by scoring track pursued. The Green Building Certification Requirements table below further elaborates on how Projects can earn points via the Basic Level, Advanced Level, and Net Zero Level sub-categories:

Green Building Certification Requirements			
Program	Basic Level: 7 Points	Advanced Level: 10 Points	Net Zero Level: 13 Points
	General Track Scoring and PSH Track Scoring	General Track Scoring only	General Track Scoring only
Enterprise Green Communities (“EGC”)	Certification	Certification Plus	Certification Plus via Criterion 5.4
United States Green Building Council (“USGBC”)	LEED Gold	LEED Platinum	LEED Zero
National Green Building Standard (“NGBS”)	Gold	Emerald	Green + Net Zero Energy
International Living Future Institute (“ILFI”)	Core Green Building Certification	Living Building Certification	Zero Energy Certification
			OR
			Zero Carbon Certification
Passive Housing Institute US (“PHIUS”)	-	Core	Zero

Projects pursuing either the General Track Scoring or PSH Track Scoring that do not commit to a qualifying green building certification may instead commit to a qualifying energy efficiency certification program. The Energy Efficiency Certification Requirements table below further elaborates on how Projects can earn points via the Basic Level, Advanced Level, and Net Zero Level sub-categories:

Energy Efficiency Certification Requirements			
General Track Scoring and PSH Track Scoring			
Program	Basic Level: 3 Points	Advanced Level: 5 Points	Net Zero Level: 13* Points
United States Environmental Protection Agency (“EPA”), United States Department of Energy (“DOE”)	Energy Star	Zero Energy Ready Home	Zero Energy Ready Home + Solar (sufficient to achieve net zero energy)

\*Projects pursuing PSH Track Scoring will be capped at a maximum of seven points under the Sustainability and Energy Efficiency category regardless of whether they pursue Net Zero Level energy efficiency certification

Projects pursuing and demonstrating compliance with a qualifying green building or energy efficiency certification will be awarded points no greater than the maximum points outlined in their respective scoring track under the

Sustainability and Energy Efficiency category. Projects pursuing General Track Scoring will be limited to a total of 13 points, and Projects pursuing PSH Track Scoring will be limited to a total of seven points in this category.

The details surrounding criteria and certification process for each of the third-party green building certifications referenced for the Basic Level, Advanced Level, and Net Zero Level sub-categories (**Section IX.B.i-iii**), as well as the energy efficiency certifications referenced for the Basic Level, Advanced Level, and Net Zero Level sub-category (**Section IX.B.iv**) can be accessed via the respective third-party websites for each standard. Sponsors will need to provide proof of Project registration in the program(s) of their choice at time of Application. When the Project receives its Certificate of Occupancy, Sponsors will provide official documentation to the Authority that they have achieved requisite certification(s). In lieu of certification(s), the Authority, in its sole discretion, may accept an alternative verification from a reliable third party qualified to confirm that the Project complies with the certification requirements despite not receiving the official documentation.

#### **i. Green Building Certification: Basic Level**

**Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements and can achieve the same number of points under the Green Building Certification: Basic Level sub-category.**

Projects whose design and construction meet or exceed green building criteria can earn seven points by certifying to any one of the following basic certification standards:

1. EGC - Certification;
2. USGBC - Leadership in Energy and Environmental Design ("LEED") BD+C at the Gold level;
3. NGBS - Gold; or
4. ILFI - Core Green Building Certification.

#### **ii. Green Building Certification: Advanced Level**

**Projects pursuing General Track Scoring and PSH Track Scoring are held to different requirements under the Green Building Certification: Advanced Level sub-category. Projects pursuing PSH Track Scoring are not eligible for points under this sub-category.**

Projects pursuing General Track Scoring whose design and construction meet or exceed green building criteria can earn 10 points by certifying to any one of the following advanced certification standards:

1. EGC – Certification Plus;
2. USGBC – LEED Platinum;
3. NGBS - Emerald;
4. ILFI - Living Building Certification; or
5. PHIUS – CORE.

#### **iii. Green Building Certification: Net Zero Level**

**Projects pursuing General Track Scoring and PSH Track Scoring are held to different requirements under the Green Building Certification: Net Zero Level sub-category. Projects pursuing PSH Track Scoring are not eligible for points under this sub-category.**

Projects pursuing General Track Scoring whose design and construction meet or exceed and green building criteria can earn 13 points by certifying to any one of the following additional net zero energy certifications:

1. EGC – Certification Plus via Criterion 5.4;
2. USGBC – LEED Zero;
3. NGBS – Green + Net Zero Energy;
4. ILFI – Zero Energy Certification;
5. ILFI – Zero Carbon Certification; or

6. PHIUS – Zero.

iv. Energy Efficiency Certification

**Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements and can achieve a different number of points under the Energy Efficiency Certification sub-category.**

Projects whose design and construction meet or exceed energy efficiency building criteria can earn up to 13 points by certifying to one of the following Basic, Advanced, or Net Zero Level certification standards:

- Basic Level: United States EPA, DOE - Energy Star;
- Advanced Level: United States EPA, DOE – Zero Energy Ready Home (“ZERH”); or
- Net Zero Level: United States EPA, DOE – ZERH + Solar.

Points will be awarded as outlined in the Energy Efficiency Certification Requirements table above. Projects pursuing PSH Track Scoring will be capped at a maximum of seven points under the Sustainability and Energy Efficiency category regardless of whether they pursue Net Zero Level energy efficiency certification.

C. Community Characteristics

**Projects pursuing the General Track Scoring and PSH Track Scoring are held to different requirements but can ultimately achieve the same number of points under the Community Characteristics scoring category.**

i. Market Characteristics

**Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements and can achieve the same number of points under the Market Characteristics sub-category.**

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

Market Characteristics Requirements		
General Track <u>and</u> PSH Track Scoring		
Market Designation	Characteristics	Points
Inferior Market Conditions	Scoring of market factors reflect market conditions that are not conducive to the proposed Project (Factors are discussed below and in detail in the <b>Standards for Site and Market Study Reviews and Professionals</b> )	-3
		-2
		-1
Appropriate Market Conditions	Market is considered to be appropriate for the proposed Project and should not pose any obstacle towards renting up and sustaining occupancy	0
Superior Market Conditions	Scoring of market factors reflect market conditions that benefit the proposed Project (Factors are discussed below and in detail in the <b>Standards for Site and Market Study Reviews and Professionals</b> )	1
		2
		3

Market Characteristics must be evidenced through submission of the following:

1. The site and market study, and complete **Site and Market Study Summary Form**.
2. The original site and market study should be no more than nine 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 nine-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.
3. 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 updated site and market studies.

4. 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 at time of review by the Authority. The market score is contingent only on the quality of the market and not the quality of market study document. The Authority expects the typical score to be zero, indicating an appropriate market. Applications will only be permitted to self-score a zero. The score may increase or decrease based on the following:

- Tenant type and income targeting of the Project 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 Site and Market Study Review and Professionals**.

## ii. Community Targeting

**Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements and can achieve the same number of points under the Community Targeting sub-category.**

Projects can earn up to 10 points for Community Targeting via: a) the Quality of Life Index; b) Community Revitalization Strategies; or c) a combination of these two components outlined in the categories below. A Project will be eligible for either Quality of Life Index points or Community Revitalization Strategies, but may supplement a Quality of Life Index score that is less than 10 points with relevant Community Revitalization Strategies points. Opportunity Area points are no longer available under the QAP as the Quality of Life Index is replacing those points due to key advantages it provides communities in the State.<sup>3</sup> Projects must select one of the following three paths when submitting the Application and the Authority will evaluate the scoring category selected:

### a. Quality of Life Index

The Authority has developed a **Quality of Life Index** that calculates a score for every census tract in Illinois. The Quality of Life Index score is a dynamic measurement of cumulative positive outcome measurements in five different Quality of Life Categories. These categories are: education, prosperity, health, housing, and connectivity. Each category is worth two points and consists of carefully vetted data. Census tracts can achieve overall scores ranging from one to ten points. A full discussion of methodology used in the **Quality of Life Index** is available on the Website. Projects will receive their assigned Quality of Life Index score per the methodology described above. Quality of Life Index scores cannot be adjusted.

### b. Community Revitalization Strategies

Preserving the balance of affordable housing in areas in need of community revitalization or undertaking proactive planning activities is an important goal of the QAP as it allows the greatest amount of choice for low-income households to access quality housing.

Community Revitalization Strategies that demonstrate planning and/or efforts that lead to measurable increases in the following areas are eligible for up to 10 points:

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<sup>3</sup> Opportunity Areas were a binary indicator for community targeting that either rewarded 10 or zero points to Projects. This indicator lacked nuance and limited many sites from development. The Quality of Life Index aims to solve these challenges by providing points to every census tract in the State. Therefore, the Authority is now approaching community targeting in a more equitable manner, where every community can score points for its respective resources and amenities.



- Addressing a pre-existing community need;
- Capacity-building and partnerships;
- Promoting racial equity;
- Improvements in amenities and services;
- Community revitalization plan implementation; and
- Community revitalization plan funding.

To be eligible for up to 10 points in this category, Projects must first meet all thresholds referenced in the **Community Revitalization Strategy Thresholds and Scoring Criteria**.

If one or more Site(s) within a scattered Site Project falls within a census tract or geographic area that requires a Community Revitalization Strategy (see Mandatory **Section VIII.C**), earned points under this scoring category will be prorated based on the number of units for which a Community Revitalization Strategy was submitted. Multiple Community Revitalization Strategies may be submitted for various Project Sites falling in multiple and different community areas.

**c. Supplementing Quality of Life Index with Community Revitalization Strategies**

Projects may choose to supplement points scored per category via the Quality of Life Index by demonstrating deliberate, concerted community revitalization planning activities and/or efforts that lead to measurable increases in the following areas, for a total possible Community Targeting score of ten points (including existing Quality of Life Index score):

Supplementing Quality of Life Index with Community Revitalization Strategies Requirements	
General Track <u>and</u> PSH Track Scoring	
Community Revitalization Strategies Category	Quality of Life Index Category
Accessibility and livability <b>1) Improvements in amenities and services</b>	May supplement existing QOLI point deficits in: <ul style="list-style-type: none"> <li>• <b>Education;</b></li> <li>• <b>Prosperity;</b></li> <li>• <b>Health; or</b></li> <li>• <b>Connectivity.</b></li> </ul>
Building opportunity <b>2) Capacity-building and partnerships</b>	May supplement existing QOLI point deficits in: <ul style="list-style-type: none"> <li>• <b>Prosperity;</b></li> <li>• <b>Health; or</b></li> <li>• <b>Connectivity.</b></li> </ul>
Please see <b>Supplementing Quality of Life Index Scoring with Community Revitalization Strategies Guide</b>	

**iii. Affordability Risk Index (“ARI”)**

**Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements and can achieve the same number of points under the ARI sub-category.**

The **ARI** provides for scores for each census tract based on specific factors, all included in U.S. Census Bureau documents, and their relative rates of change between the data provided in the five-year American Community Survey. A full discussion of current **Affordability Risk Index methodology** and the list of the **current scores by census tract** are included on the Website. Projects located in a census tract(s) meeting the criteria for ARI Certification as listed on the Website can earn up to five points.

Scattered Site Projects with one or more Sites located within a scoring census tract will receive a prorated score

based on the proportion of total units located within the corresponding scoring census tract(s). Fractional scores will be rounded up to the next whole number. Projects will receive their assigned Affordability Risk Index score per the methodology described above. Affordability Risk Index scores cannot be adjusted.

#### iv. Transportation

**Projects pursuing General Track Scoring and PSH Track Scoring are held to different requirements and can achieve a different number of points under the Transportation sub-category.**

Projects pursuing General Track Scoring can earn up to two cumulative points and Projects pursuing PSH Track Scoring can earn up to four cumulative points if they demonstrate access to public transportation and/or alternative forms of transportation as follows:

Transportation Requirements					
Transportation Access Type	Criteria			General Track Scoring	PSH Track Scoring
				Points	Points
Transit Oriented Development (“TOD”)	All Sites are located within a completed, in-process, or programmed Regional Transit Authority (“RTA”) – TOD planning area.			1	2
	OR				
	For Sites that are located outside of the RTA – TOD Program of Northeastern Illinois, a local TOD plan may be submitted if the plan clearly includes additional housing as an initiative of the plan and the Site is located within 0.5 mile of a major transportation hub.				
OR					
Mass Transit or Demand Responsive Transit (“DRT”)	All Sites are located within 0.25 mile of a fixed route transit stop, defined as: a bus and train stop serving local destinations, with scheduled operations beginning no later than 8:00a.m. and ending no earlier than 6:00p.m., Monday through Friday.			1	2
	OR				
	All Sites are served by a DRT service Monday through Friday. DRT must be available to the public at-large. (May not be restricted to service for the Elderly or disabled)				
Proximity to Jobs	Sites are located within their Set-Aside’s corresponding proximate distance (referenced below) from a local job center determined by the locations’ geographic Set-Aside. Documentation of job access will be produced from the <b>US Census Bureau “On the Map” tool</b> and submitted with Application materials.			1	2
	Proximity Thresholds				
	Set-Aside	Jobs located within Proximity Threshold of Site			
	Chicago Metro	6,500 jobs	One mile of Site		
	City of Chicago	10,700 jobs			
	Other Metro	5,600 jobs			
	Non-Metro	3,500 jobs			
Five miles of Site					
Maximum category points available				2	4

Evidence for points for public transportation and/or alternative forms of transportation will be through submission of the following:

1. If the Site is located inside the RTA planning area, documentation from the **RTA TOD website** that 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 the 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.
2. Documentation of transit fixed route stop, such as route map.
3. Documentation verifying DRT service meets the above requirements. Acceptable forms of documentation include a screen capture/printed copy of the DRT service website or letter from the DRT service affirming the hours of operation, service area and population served.

Scattered Site Projects must submit documentation for all Sites. The majority of Sites must meet these requirements to receive Transportation points.

#### v. Neighborhood Assets

**Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements and can achieve the same number of points under the Neighborhood Assets sub-category.**

All Projects eligible for points in this category must first meet EGC mandatory criteria for Location and Neighborhood Fabric (see **Section VIII.P**). The Authority also requires that Projects require adequate Food Access at the PPA stage. For additional details on mandatory requirements, please refer to **Section VIII.P**.

Once EGC mandatory criteria are met, Sites that have additional desirable neighborhood characteristics and amenities as designated by the Authority can score up to five points, depending on the walking distance proximity (not geographic radius or direct distance) of neighborhood assets to the project, as defined below:

Scoring Amenity Distance by Set-Aside	
General Track Scoring and PSH Track Scoring	
Set-Aside	Proximity/Distance
Chicago Metro	0.5 miles
City of Chicago	0.5 miles
Non-Metro	5 miles
Other Metro	0.5 miles

An Application may score a maximum of one point per category in the following areas: Food Access, Health & Wellness, Education & Culture, Mobility, Civic & Culture Facilities, Retail, and Services. Eligible assets must be in addition to amenities demonstrated by the Project under Food Access PPA and mandatory criteria.

Scattered Site Projects must submit documentation for all Sites. A Project will receive a point in any of the Neighborhood Assets categories listed below only if a plurality of the total number of Project Sites each meets the requirements for a point within that category. All amenities are subject to approval by the Authority.

Assets must be evidenced through submission of map(s) clearly delineating all Sites and distance to the Neighborhood Asset. Neighborhood asset maps under this category may also be submitted as asset map documentation for Projects eligible for Community Revitalization scoring. The **Asset Map Template** for Community Revitalization submissions can be filled out to meet documentation requirements for these points.

Upon review, the Authority will at its sole and final discretion determine whether an indicated asset meets the distinction of a particular category. The table below, though not exhaustive, lists a set of categories and amenities that can be considered for points:

## Neighborhood Assets Requirements

### General Track Scoring and PSH Track Scoring

Asset Category	Asset Examples	Points (maximum one per category)
<b>Food Access</b>	<ul style="list-style-type: none"> <li>• Farmers market</li> <li>• Community garden that produces fresh food</li> <li>• Full-service grocery store</li> <li>• Other food store with produce</li> <li>• Restaurant/café/diner</li> </ul>	1
<b>Health &amp; Wellness</b>	<ul style="list-style-type: none"> <li>• Pharmacy</li> <li>• Hospital, medical clinic, or office that treats patients</li> <li>• Community health center</li> <li>• Gym, health club, or exercise studio open to the public</li> <li>• Public pool</li> <li>• Skating rink/sport court/field</li> <li>• Public park</li> <li>• Access to public bike and/or pedestrian trail network</li> </ul>	1
<b>Education &amp; Culture</b>	<ul style="list-style-type: none"> <li>• Public library</li> <li>• Place of worship</li> <li>• Educational facility (e.g., K–12 school, university, adult education center, vocational school, community college)</li> <li>• Pre-K or daycare (for family Projects only)</li> <li>• Cultural arts facility (e.g., museum, performing arts space, concert venue)</li> </ul>	1
<b>Mobility</b>	<ul style="list-style-type: none"> <li>• Bike share/scooter docking station</li> <li>• Accessible transit station or bus line</li> <li>• Proximity to publicly available electric charging station</li> </ul>	1
<b>Civic &amp; Community Facilities</b>	<ul style="list-style-type: none"> <li>• Community or recreation center, including performance space</li> <li>• Police or fire station</li> <li>• Post office</li> <li>• Senior center</li> <li>• Emergency shelter</li> </ul>	1
<b>Retail</b>	<ul style="list-style-type: none"> <li>• Clothing store or department store selling clothes</li> <li>• Hardware store</li> </ul>	1
<b>Services</b>	<ul style="list-style-type: none"> <li>• Bank (with teller hours)</li> <li>• Hair care</li> <li>• Laundry or dry cleaner</li> <li>• Licensed adult or senior care</li> <li>• Licensed childcare</li> <li>• Social services center</li> </ul>	1

#### vi. Affordable Housing Planning and Appeal Act (“AHPAA”)

Projects pursuing General Track Scoring and PSH Track Scoring are held to different requirements under the Affordable Housing Planning and Appeal Act sub-category. Projects pursuing PSH Track Scoring are not eligible for points under this sub-category.

The Authority administers the **Affordable Housing Planning and Appeals Act** (“AHPAA”), which includes calculating affordable housing stock of municipalities and counties within Illinois via a statutorily mandated formula. A municipality or county in which less than 10% of the total housing stock is deemed affordable is subject to the

AHPAA. Such localities are considered “**non-exempt local governments**” (“NELGs”) and are posted on the Website. To encourage development of affordable housing in these communities, a Project pursuing General Track Scoring and located within a NELG’s jurisdiction will be automatically awarded two points.

#### **D. Development Team Characteristics**

**Projects pursuing the General Track Scoring and PSH Track Scoring are held to different requirements but can ultimately achieve the same number of points under the Development Team Characteristics scoring category.**

##### **i. Illinois Based Participants**

**Projects pursuing the General Track Scoring and PSH Track Scoring are held to the same requirements but can achieve a different number of points under the Illinois Based Participants sub-category.**

Projects pursuing General Track Scoring can earn up to four points and Projects pursuing PSH Track Scoring can earn up to two points whose Participants’ place of business has been incorporated in Illinois for a minimum of two years and can demonstrate a primary market in Illinois as follows:

Illinois Based Participants Requirements		
Criteria	General Track Scoring	PSH Track Scoring
	Points	Points
<ul style="list-style-type: none"> <li>• Illinois-based general contractor; or</li> <li>• Illinois-based property manager; or</li> <li>• Illinois-based architect; or</li> <li>• Illinois-based Sponsor.</li> </ul>	2	1
<ul style="list-style-type: none"> <li>• Illinois-based general contractor; and</li> <li>• Illinois-based property manager; and</li> <li>• Illinois-based architect; and</li> <li>• Illinois-based Sponsor.</li> </ul>	4	2

Projects must demonstrate that each Participant’s business was incorporated under the laws of Illinois for a minimum of two years prior to the Application deadline with a Certificate of Good Standing from the Secretary of State.

##### **ii. BIPOC Development Control**

**Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements and can achieve the same number of points under the BIPOC Development Control sub-category.**

Projects whose Participants include For-Profit businesses led by Black, Indigenous, or People of Color (“BIPOC”) are eligible to earn a maximum of 11 points cumulatively between the BIPOC Development Control and Women/Disadvantaged/Minority Enterprises sub-categories. Projects whose Participants include BIPOC-led or -governed Qualified Non-Profits, or one of the 10 Illinois Regional Development Authorities (“IL-RDA”), as listed on the **IL-RDA website**, are eligible to earn a maximum of seven points cumulatively between the BIPOC Development Control and Women/Disadvantaged/Minority Enterprises sub-categories.

#### **For-Profit BIPOC-Led Businesses**

For-Profit BIPOC-led businesses are defined as those companies who at the time of Application can provide documentation of current MBE certification with one of the approved entities below:

1. Illinois Department of Central Management Services- Business Enterprise Program for Minorities, Females and Persons with Disabilities; or
2. City of Chicago, City of St. Louis, Cook County, Chicago Transit Authority, Illinois Department of

Transportation, METRA, PACE, Chicago Minority Supplier Development Council, Mid-States Minority Supplier Development Council or Women's Business Development Center.

### BIPOC-Led/Governed Qualified Non-Profits or Illinois Regional Development Authorities

BIPOC-led/governed Qualified Non-Profits or one of the 10 IL-RDAs are defined and certified at time of Application one of two ways:

1. BIPOC-Led: A minimum of 35% of director-level employee leadership is BIPOC, which can include the Executive Director, with the designated employees reporting directly to the Executive Director. This will be evidenced by the **BIPOC Participation Certification** and a completed **Organizational Chart Template** at the time of the Application; or
2. BIPOC-Governed: A Non-Profit whose board chair **AND** a minimum 30% of all other voting members is BIPOC **OR** whose overall board composition is 40% BIPOC. This will be evidenced by the **BIPOC Participation Certification** and a completed **Organizational Chart Template** at the time of the Application.

### iii. Women/Disadvantaged/Minority Enterprises

**Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements and can achieve the same number of points under the Women/Disadvantaged/Minority Enterprises sub-category.**

Women-Owned Business Enterprises ("WBE"), Disadvantaged Business Enterprises ("DBE") and Minority Business Enterprises ("MBE") may also earn two points per qualifying entity in this sub-category. Projects teams with Participants that include architects, property managers and general contractors holding current WBE/DBE/MBE certificates with the entities as outlined above are also eligible to earn two points per qualifying entity in this sub-category. These points may also be awarded to joint ventures amongst participating general contractors or architects, provided the WBE/DBE/MBE-certified member represents no less than 25% of the joint venture. Joint ventures must be evidenced by a Memorandum of Understanding at the time of the Application.

Only one entity can be awarded points under the Development Control Thresholds Requirements. Multiple entities can be awarded points under the WBE/DBE/MBE Thresholds Requirements. Additionally, a single entity will only be awarded the higher of the Development Control Threshold Requirement points or the WBE/DBE/MBE Threshold Requirement points. Points will be awarded under these circumstances cumulatively up to their respective limits as indicated below. Points will be awarded by Participant as follows:

BIPOC Development Control Requirements		
General Track Scoring <u>and</u> PSH Track Scoring		
Development Control Threshold Requirements Only one qualifying entity can be awarded points under this category	Points Awarded: For-Profit BIPOC-Led Business	Points Awarded: BIPOC-Led/Governed Qualified Non-Profit or IL-RDA
Participants that have a <b>50.1% or greater stake in all aspects of development control</b> , including but not limited to ownership, cash-flow, and voting rights	11	3
Participants that have <b>between a 49.1% and 50% stake in all aspects of development control</b> , including but not limited to ownership, cash-flow, and voting rights	7	1
Participants that have <b>between a 25% and 49% stake in all aspects of development control</b> , including but not limited to ownership, cash-flow, and voting rights	5	



Women/Disadvantaged/Minority Enterprises Requirements		
General Track Scoring <u>and</u> PSH Track Scoring		
WBE/DBE/MBE Threshold Requirements Multiple qualifying entities can be awarded points under this category	Points Awarded: For-Profit BIPOC-Led Business	Points Awarded: BIPOC-Led/Governed Qualified Non-Profit or IL-RDA
Project Participant team includes qualifying WBE/DBE/MBE general contractor, property manager, Architect of Record, and/or joint venture partner/co-sponsor	2 points per qualifying entity	2 points per qualifying entity
MAXIMUM ALLOWABLE POINTS: BIPOC Development Control + Women/Disadvantaged/Minority Enterprises	For-Profit BIPOC-Led Business	BIPOC-Led/Governed Qualified Non-Profit or IL-RDA
	11	7

#### iv. Non-Profit Organization Participation

**Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements and can achieve the same number of points under the Non-Profit Organization Participation sub-category.**

Projects that involve the participation of a Qualified Non-Profit Organization or one of the 10 Illinois Regional Development Authorities can earn four points if the Qualified Non-Profit or IL-RDA holds a majority ownership interest (more than 50%) and Control in the general partner or managing member of the Project Owner and materially participates throughout the Compliance Period. The Qualified Non-Profit must submit:

1. The Qualified Non-Profit's IRS determination letter; and
2. The section of the Qualified Non-Profit's articles of incorporation or by-laws that evidence the fostering of low-income housing as an exempt purpose, with that purpose clearly marked and highlighted.

The Qualified Non-Profit or IL-RDA must have the right of first refusal at the end of the Compliance Period. All Qualified Non-Profits seeking to score points in this category must check the "Allocation subject to nonprofit Set-Aside under sec. 42(h)(5)" box on IRS Form 8609 at the time of tax credit cost certification.

### E. Financial Characteristics

#### i. Rental Assistance or Deeper Income Targeting

**Projects pursuing General Track Scoring and PSH Track Scoring are held to different requirements and can achieve a different number of points under the Rental Assistance or Deeper Income Targeting sub-category.**

Projects pursuing General Track Scoring can earn up to eight points by meeting the criteria outlined in either the Rental Assistance or Deeper Income Targeting sub-categories listed below. Projects pursuing PSH Track Scoring can earn up to eight points by pursuing only the Rental Assistance sub-category below. Projects pursuing PSH Track Scoring are not eligible for points in the Deeper Income Target sub-category.

Projects with unit-based (rather than tenant-based) federal rental assistance that ensure tenants pay no more than 30% of their income towards combined rent and utility expenses may be eligible for points in this category.

Projects that are unable to obtain federal rental assistance contracts also may score points for deeper income and rent targeting achieved by other sources, so long as the Authority is satisfied that the Sponsor has demonstrated the project's ability to sustain these commitments over a minimum period of 10 years. These resources and subsidy rents may not be included in the underwriting assumptions or used to meet underwriting standards.

**a. Rental Assistance**

Projects can earn points for either existing unit-based (rather than tenant-based) federal rental assistance or new commitments of unit-based federal rental assistance. Projects with existing unit-based federal rental assistance or a new commitment of unit-based federal rental assistance can cumulatively earn up to eight points.

For existing contracts, Projects must submit a copy of the fully executed rental assistance contract from the entity providing the rental assistance that includes:

1. Maximum income limits as a percent of AMI; and
2. Total number of units assisted by unit type; and
3. Length of the rental assistance contract; and
4. 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.

For new commitments of rental assistance, the Projects must include an executed rental assistance commitment letter from a Public Housing Authority (“PHA”) using Project Based Vouchers (“PBV”). This letter must also provide documentation that:

1. The PHA Administrative Plan allows for the PHA to administer a PBV Program; and
2. The PHA has selected the property to receive PBVs is in accordance with the PHA Administrative Plan and 24 C.F.R. § 983.51.

Projects pursuing General Track Scoring may earn up to eight points for demonstrating a qualifying commitment on varying percentages of the Project’s total units. the term of the rental assistance contract must have at least 10 years remaining, and new commitments must have a minimum term of 10 years. Points will be awarded as follows under General Track Scoring:

Rental Assistance Requirements	
General Track Scoring <u>only</u>	
Units Covered by a Qualifying Rental Assistance Commitment as a Percentage of Total Project Units	Points
10% - 24.9%	4
25% or more	8

To be eligible for points under the PSH Track Scoring, the term of the rental assistance will be awarded points based on length of commitment by qualifying type. Projects pursuing PSH Track Scoring may earn up to six points for demonstrating a qualifying commitment on varying amounts of the Project’s PSH units and may earn two additional points for demonstrating a qualifying commitment on varying amounts of the Project’s non-PSH units. Points will be awarded as follows, up to eight points:

Rental Assistance Requirements			
PSH Track Scoring <u>only</u>			
Unit Type	Rental Assistance Type and Term Commitment		
PSH Units Assisted as a Percentage of Total Project PSH Units	Points for 10+ Year Qualifying Commitment	Points for 5-Year to 9-Year and 11 Month Qualifying Commitment	Points for Qualifying CoC Funded Rental Assistance
25.1-50% of the PSH units	3	2	1
50.1-75% of the PSH units	4	3	2
75.1% or more of the PSH units	6	4	3
AND/OR			
Non-PSH Units Assisted as a Percentage of Total Project Non-PSH Units	Qualifying Rental Assistance Commitment for a term of at least 10 years		
10% - 15%	1		
15.1% or more	2		

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.

To prevent the dedication of all or most of the Authority's Allocation of Tax Credits to large public housing redevelopment projects at the expense of other priorities, the Authority reserves the right to limit the scoring of points for the Rental Assistance sub-category to one RAD project per allocation cycle.

**b. Deeper Income Targeting**

Projects pursuing PSH Track Scoring are not eligible for points in the Deeper Income Targeting sub-category. Projects pursuing General Track Scoring that are unable to obtain federal project-based rental assistance contracts may score up to eight points for providing units with rents restricted to the 30% AMI limit and occupancy restricted to households with incomes at or below 30% of AMI.

Units used to score points for deeper income targeting must be in addition to the mandatory 5% or 10% of Project units, respective to the Project's geographic Set-Aside, dedicated to the SRN. Points will be awarded as follows:

Deeper Income Targeting Requirements		
30% AMI units as a Percentage of Total Project Units	General Track Scoring <u>only</u>	
Projects in the Chicago Metro, City of Chicago, or Other Metro Set-Asides	Projects in the Non-Metro Set-Aside	Points
10% - 14.9%	5% - 9.9%	4
15% - 24.5%	10% - 19.9%	6
25% or more	20% or more	8

## ii. No Additional Authority Resource Requests

Projects pursuing General Track Scoring and PSH Track Scoring are held to different requirements under the No Additional Authority Resource Requests sub-category. Projects pursuing PSH Track Scoring are not eligible for points under this sub-category.

Projects pursuing General Track Scoring can earn points in this sub-category accordingly:

No Additional Authority Resource Requests Requirements	
Additional Authority Resource Request	General Track Scoring <u>only</u>
	Points
No additional Authority resource request other than IAHTC. This request must not exceed 1.5 million IAHTC.	1
No additional Authority resource request other than LIHTC	2

Any changes to this commitment after Project award will be considered in the review of future Applications and may negatively impact future Applications to the Authority.

## iii. Leveraging

Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements and can achieve the same number of points under the Leveraging sub-category.

Projects can earn up to eight points if its budget leverages non-Authority resources that are available during the construction period to pay for expenses reflected in the development budget and either remain in the Project after construction or are swapped out with another non-Authority resource as permanent financing. In order to be eligible for points in this category, Projects must submit documents that meet the requirements established in the Authority's **Underwriting Standards Guide** for all leveraging resources.

A non-exhaustive list of relevant leveraging and non-leveraging resources is indicated in the table below:

Leveraging Resources	Non-Leveraging Resources
Funds provided by a non-Authority resource (i.e., private permanent first mortgage loans)	Funds generated by Authority-allocated resources (i.e., equity from LIHTC and/or IAHTC)
Capital contributions from a Project Participant, including equity generated by non-Authority resources (i.e., Historic Tax Credits)	Deferred developer fees
Authority funds with market interest rates	Authority funds with below-market interest rates, including loan and/or grants
Grants from utilities, insurers, managed care organizations, hospitals, Federal Home Loan Bank grants or foundations	Loans that are repaid from Authority allocated resources (i.e., bridge loans)
USDA financing or municipal financing (i.e., local HOME or CDBG funds)	A seller's financing note

Points will be awarded as follows:

Leveraging Requirements	
General Track Scoring <u>and</u> PSH Track Scoring	
Leveraging Resources as a Percentage of the Total Project budget	Points
5% - 9.9%	1
10% - 19.9%	2
20% - 29.9%	4
30% - 39.9%	6
40% - 100%	8

#### F. Most Vulnerable Populations

##### i. Statewide Referral Network Units

**Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements but can achieve a different number of points under the Statewide Referral Network Units sub-category.**

Projects pursuing General Track Scoring can earn up to 10 points and Projects pursuing PSH Track Scoring can earn up to four points by including additional SRN Units if, on the date Applications are due, there are at least three persons per one unit on the SRN waitlist based on the Project's municipality or community area in Chicago. SRN demand information is available on the Authority's website.

If the demand for SRN Units is below the 3:1 ratio for proposed SRN Units, applicants may provide alternate documentation to demonstrate need related to the SRN. The Authority will review and accept alternative narratives or other documentation at its sole discretion. This could include one or more of the following:

- A narrative to further describe the demand for SRN Units in the Project's Market area; and/or
- Letter from a service provider(s) demonstrating ability to make referrals to the property. The letter should include:
  - Whether the organization has already executed an **SRN User Agreement** to utilize the PAIR module OR intends to sign an **SRN User Agreement**;
  - Confirmation of the service provider's ability and willingness to provide ongoing services to potential tenants they refer through the SRN at the proposed Project Site; and
  - Certification that the service provider understands the purpose of the SRN and will ensure that relevant staff are trained on the PAIR Module and the SRN referral process.

SRN demand information will be provided to Sponsors at two points of time: an initial list dated in the third or fourth quarter of that calendar year for use with the PPA and an updated/final demand list dated in the fourth quarter of the calendar year or first quarter of the following calendar year for use with the Application. The SRN demand lists provided at time of PPA and Application must reflect the most recently provided data by the Authority. The **SRN Initial Demand List** and **SRN Final Demand List** will be available on the Website.

Projects can only earn maximum points if all the mandatory and additional SRN Units are covered by federal or state-funded rental assistance, according to the table below:

Statewide Referral Network Units Requirements				
SRN Units as a Percentage of the Total Project units		SRN Units Covered by 100% Rental Assistance		General Track Scoring
				Points
12% - 14.9%	OR	Mandatory 5 – 10% SRN Units		5
15% - 20%	OR	All 12% - 14.9% SRN Units		8
15% - 20% with federal or state-funded rental assistance on 100% of SRN Units				10
				4

Projects must submit a completed, draft **Statewide Referral Network Agreement**, available on the Website, with the Application. Projects seeking points in this category should carefully review the definition of Statewide Referral Network Units and understand the requirements and implications. Projects 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.

## ii. Section 811 Project-Based Rental Assistance

**Projects pursuing General Track Scoring and PSH Track Scoring are held to the same requirements and can achieve the same number of points under the Section 811 Project-Based Rental Assistance sub-category.**

Sponsors that are interested, capable, and willing to commit to participation in the Section 811 program may receive up to two points. Projects are only eligible if, at the time of Application, there are at least three persons per one unit on the Section 811 waitlist, based on the Project's city or community area in Chicago. Projects in Other Metro and Non-Metro areas may use county-level Section 811 waitlist information in lieu of municipality-level information to substantiate the demand ratio for inclusion of Section 811 units proposed under this sub-category.

Section 811 waitlist demand information will be provided to Sponsors at two points of time: an initial list dated in the third or fourth quarter of that calendar year for use with the PPA and an updated/final demand list dated in the fourth quarter of the calendar year or first quarter of the following calendar year for use with the Application. The SRN demand lists provided at time of PPA and Application must reflect the most recently provided data by the Authority. The **Section 811 Initial Demand List** and **Section 811 Final Demand List** will be available on the Website.

Projects must complete the Section 811 Interest Form in the **Scoring Workbook** and submit it with the Application. In order to be considered for points under this sub-category, Projects must commit to including at least two units in the Section 811 program. If awarded points under this sub-category, Sponsors cannot refuse an Authority designated allocation of Section 811 PBRA if and when it becomes available.

## iii. Coordination of Referrals

**Projects pursuing General Track Scoring and PSH Track Scoring are held to different requirements under the Coordination of Referrals sub-category. Projects pursuing General Track Scoring are not eligible for points under this sub-category.**

Projects pursuing PSH Track Scoring can earn up to four points for coordination with either the Illinois Department of Children and Family Services ("DCFS"), Illinois Department of Corrections ("IDOC"), Illinois Department of Human Services Division of Developmental Disabilities ("IDHS DDD"), or the Illinois Department of Healthcare and Family Services ("IDHFS"). Points in this category are not cumulative and are limited to coordination with one of the four State agencies as detailed below:

### a. Coordination with the Illinois Department of Children and Family Services or a Grantee of the Illinois Department of Children and Family Services to House Youth Aging out of DCFS Care

In Illinois, youth generally age out of DCFS systems at age 21 and many need a range of supportive housing interventions. All persons housed under the QAP must be of legal age to rent an apartment, although having co-signers of leases is acceptable, as is a master lease model, so long as the tenants are all at least 18 years of age. Housing may not be time limited and there can be no age restrictions on the housing but a



preference for the intended population must be appropriately referenced in the TSP. Projects may earn points under this category per the table at the end of the sub-category section.

**b. Coordination with Illinois Department of Corrections Re-Entry program**

Projects providing housing which is coordinated with IDOC may earn points under this sub-category per the table at the end of the sub-category section.

Coordination with IDOC must be evidenced through submission of all the following:

- Written confirmation from IDOC;
- How coordination will occur with Project;
- What services are provided;
- What funding source is used to pay for these services; and
- The capacity of the organization to provide services to any Project tenants.

A preference for the intended population must be appropriately referenced in the TSP. Applications for Projects that are unable to obtain written confirmation from IDOC but have made efforts to obtain such written confirmation should include a description of the efforts used to obtain referrals for the Project. The Authority will review the documentation and may award points to Projects that have made best efforts.

**c. Coordination with Illinois Department of Human Services, Division of Developmental Disabilities**

Projects providing housing which have received confirmation of support from an IDHS-funded Independent Service Coordination agency and/or other IDHS funded service provider for adults with Intellectual or Development Disabilities may earn points under this sub-category per the table at the end of the sub-category section.

A preference for the intended population must be appropriately referenced in the TSP. Applications for Projects that are unable to obtain written confirmation from Independent Service Coordination agencies or IDHS-funded service providers but have made efforts to obtain such written confirmation should include a description of the efforts used to obtain referrals for the Project. The Authority will review the documentation and may award points to Projects that have made best efforts.

**d. Coordination with Illinois Department of Healthcare and Family Services (“IDHFS”) through the process of Money Follows the Person (“MFP”)**

Money Follows the Person is a federal rebalancing demonstration program enacted by the Deficit Reduction Act (“DRA”) of 2005. MFP is part of a comprehensive strategy to assist states in collaboration with stakeholders to make widespread changes to their long-term care support systems by allowing people who need long-term care to live in their own homes and communities or in a setting of their choice. MFP provides enhanced Medicaid match (for waiver and state plan services provided in the first year of community residency) to support transitions of seniors and persons with disabilities out of institutions and into eligible community-based settings. In Illinois, MFP is administered by IDHFS.

Sponsors that provide a letter of support from IDHFS for the Project to receive referrals for MFP tenant placement may earn points under this sub-category per the table below:

Coordination of Referrals Requirements	
PSH Track Scoring <u>only</u>	
Coordination with DCFS Requirements	Points
Letter of support from DCFS regarding referrals to the housing	2
Letter of support from DCFS regarding referrals to the housing <b>AND</b> a plan for how services will be delivered once the youth has graduated from DCFS funded services	4
Coordination with IDOC Requirements	Points
Coordination with IDOC	2
Coordination with IDOC <b>AND</b> commitment of social services to further individual post-release plans	4
Coordination with IDHS IDD Requirements	Points
At least one letter of support from either: An IDHS-funded Independent Service Coordination agency willing to make referrals to the housing <b>OR</b> One or more IDHS funded service provider(s) willing to make referrals to the housing and/or able to provide services to residents at the property	2
Letters of support from both: An IDHS-funded Independent Service Coordination agency willing to make referrals to the housing <b>AND</b> One or more IDHS funded service provider(s) willing to make referrals to the housing and/or able to provide services to residents at the property	4
Coordination with IDHFS for MFP Requirements	Points
Letter of support from IDHFS regarding MFP referrals to the Project	2

#### iv. Coordination of Services

**Projects pursuing General Track Scoring and PSH Track Scoring are held to different requirements under the Coordination of Services sub-category. Projects pursuing General Track Scoring are not eligible for points under this sub-category.**

Projects pursuing PSH Track Scoring that submit a service plan with accompanying narrative and establish a Memorandum of Understanding (“MOU”) or other legally binding agreement with a community-based service provider, which may or may not be the Sponsor organization, to provide support services on-site in a dedicated space can earn six points. Both the MOU and service plan are required, though the service plan may be contained within the MOU if applicable.

The service plan should outline the services that will be offered to residents, the number of proposed service staff, how services will be provided (on-site, community based) and by what organization(s), detail how service referrals will be handled, and how service provision will be funded. The service plan should clarify, at a minimum, how the Project will make the following services available to tenants whether directly by a service provider on the Project team or through referrals:

- Case management;
- Tenancy support services; and/or
- Access to behavioral health services including substance use and mental health services.

The service plan narrative should also include information about any additional supportive services that will be

provided including, but not limited to, the following:

- Independent living skills support;
- Transportation assistance; and/or
- Education/employment supports.

v. **Supportive Housing Experience, Training and Endorsements**

**Projects pursuing General Track Scoring and PSH Track Scoring are held to different requirements under the Supportive Housing Experience, Training and Endorsements sub-category. Projects pursuing General Track Scoring are not eligible for points under this sub-category.**

It is a goal of the Authority to both build the capacity of existing developers and attract new developers to successfully create supportive housing units across the State. Applicants who demonstrate that they hold extensive supportive housing development experience, are pursuing relevant training, or are pursuing certification(s)/endorsement(s) to grow their capacity for developing supportive housing units may earn a maximum of four points in the Supportive Housing Experience, Training and Endorsements sub-category. Sponsors may either earn points by demonstrating their experience, or through a combination of participation in the Supportive Housing Institute and/or completing the **CSH Pre-Development Quality Endorsement**.

a. **Supportive Housing Development Experience**

Projects whose Sponsors can demonstrate that they have extensive experience successfully developing and placing in service a significant portfolio of supportive housing units may earn four points. Sponsors who can demonstrate that they have developed and placed in service no less than 400 supportive housing units within the United States by providing a list of all property name(s), property address(es), supportive housing unit count(s), and year that property(ies) and/or unit(s) were placed in service may earn four points.

b. **Supportive Housing Training and Endorsements**

The Authority has sponsored an Illinois Supportive Housing Institute led by the Corporation for Supportive Housing (“CSH”) to provide targeted training and technical assistance to build the capacity of developers of Permanent Supportive Housing in Illinois. Sponsors submitting Projects that have participated in the Authority-sponsored Illinois Supportive Housing Institute from 2022 through the present may earn up to two points.

Additionally, CSH offers a **Pre-Development Quality Endorsement** for supportive housing projects in the planning phase. Any project, regardless of whether the Sponsor has participated in an Illinois Supportive Housing Institute, may pursue this certification. Projects that have completed and passed the CSH Pre-Development Quality Endorsement process may earn up to two points.

Projects pursuing PSH Track Scoring may earn up to four points in this sub-category, which will be awarded cumulatively as follows:

Supportive Housing Experience, Training and Endorsements Requirements	
Criteria	PSH Track Scoring <u>only</u>
	Points
Sponsor(s) demonstrates that they have developed and placed in service no less than 400 supportive housing units within the United States	4
Sponsor(s) has participated in the Illinois Supportive Housing Institute	2
Sponsor(s) provides a letter of support from CSH demonstrating the Project meets CSH Quality Standards	2

vi. [50% or More Units Dedicated to Supportive Housing](#)

**Projects pursuing General Track Scoring and PSH Track Scoring are held to different requirements under the 50% or More Units Dedicated to Supportive Housing sub-category. Projects pursuing General Track Scoring are not eligible for points under this sub-category.**

Projects pursuing PSH Track Scoring that dedicate 50% or more of their units to serving Supportive Housing Populations can earn two points.

**G. Tiebreaker Criteria**

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

- **First Tiebreaker:** Projects that incorporate the lowest average income by AMI targeting for all units. If a tie still remains:
- **Second Tiebreaker:** Projects with the lowest per-unit construction costs. If a tie still remains:
- **Third Tiebreaker:** Projects that are intended for eventual tenant ownership and have a robust homeownership plan. If a tie still remains;
- **Fourth Tiebreaker:** Projects with historic significance.

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## Section 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; and
- Any changes in Project characteristics that were considered in order to meet the requirements of the Mandatory or Scoring sections of the QAP including, but not limited to:
  - Any change in the Project's unit mix or unit sizes;
  - Any change in the Project's rent structure;
  - Any change to the Project Site(s);
  - Any change to the Project's construction scope;
  - Any change to the Project's qualifying income restrictions; and
  - Any changes in the Project's financing, including, but not limited to:
    - Adding, removing, or substituting sources of Project financing;
    - A change to the entity providing financing;
    - A change in financing terms; and
    - A change in Tax-Credit equity pricing.

A change in the Owner and Sponsor(s) of the Project will not be permitted between Board approval and the issuance of the IRS Form(s).

### B. Request for Modifications

The Owner must submit a written request and explanation for all Project modifications. The Authority will evaluate and may approve Project modifications. Requests for Modifications may require a processing fee.

### 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, or 42(m) Letter;
- Failure to meet the conditions set forth in the Extended Use Agreement, Placement in Service, and 8609 (see **Section XII.B**);
- 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; and
- Sponsor or Participant capacity, financial or otherwise, at the Authority's sole discretion.

## Section XI: 9% Tax Credit Reservations, Carryover and 10% Test

All Projects receiving a Conditional Allocation of Tax Credits through 9% Tax Credits, are subject to the following:

### A. 9% Tax Credit Allocation

#### i. Reservation Letter

Following Board approval, the Authority will issue a Reservation Letter. The Reservation Letter 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. The initial financial closing for the Project must occur within 12 months of the execution of the Reservation Letter and payment of the Reservation fee. Sponsors with Projects that do not close within this 12-month time period may not be eligible for Tax Credits in the next Application round at the Authority's sole discretion.

#### ii. Request for Extension

The Authority may extend the time required to meet the conditions set forth in the Reservation Letter in its sole and absolute discretion. In order for an extension to be considered, the Owner must submit a written request, including an explanation for the extension request. Projects approved for an extension may be subject to late fees.

The Conditional Allocation may be revoked if the Owner fails to (a) meet the conditions set forth in the Reservation Letter or (b) obtain Authority approval for an extension.

### 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.

#### i. Carryover Allocation Letter

The Authority will issue a Carryover Allocation Letter near the end of the year in which the Project received a Reservation. The Carryover Allocation Letter will specify the conditions, documentation, and timeline necessary to receive the Carryover Allocation. These requirements include, but are not limited to, the following:

- Completed Carryover Allocation Checklist;
- Election of LIHTC;
- Completed BIN Form;
- Completed Gross Rent Floor Election Form;
- Completed Reasonably Expected Basis Form; and
- Evidence of current site control for the Project that is satisfactory to the Authority.

#### ii. Request for Extension

The Authority may extend the time for meeting the conditions set forth in the Carryover Allocation Letter in its sole and absolute discretion. The Owner must submit a written request, which includes an explanation for the extension. Projects approved for an extension may be subject to late fees. The Conditional Allocation may be revoked if the Owner fails to (a) meet the conditions set forth in the Carryover Allocation Letter or (b) obtain Authority approval for an extension.

### C. 9% Tax Credit 10% Test

Projects issued a Carryover Allocation must expend more than 10% of the Project's reasonably expected basis by December 1 of the year following the Carryover Allocation.

#### i. Ten Percent Test Documentation

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

The required documentation for the Ten Percent Test includes, but is not limited to, the following:

- Completed Ten Percent Test Checklist;
- Completed Ten Percent Test;
- Completed BIN Form;
- Completed Ten Percent Test Reasonably Expected Basis Form; and
- Certification of Costs Incurred for Ten Percent Test.

**ii. Request for Extension**

The Authority may extend the time for meeting the conditions set forth in the Ten Percent Test letter in its sole and absolute discretion. The Owner must submit a written request, which includes an explanation for the extension request. Projects approved for an extension to meet the conditions set forth in the Ten Percent Test letter may be subject to late fees. The Conditional Allocation may be revoked if the Owner fails to (a) meet the conditions set forth in the Ten Percent Test Letter or (b) obtain Authority approval for an extension to meet the conditions set forth in the Ten Percent Test letter.

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## Section XII: Operations and Monitoring

### A. Issuance of 8609

The Authority will issue an IRS Form 8609 to Projects with a Conditional Allocation that fulfill all Authority requirements. Projects must submit all IRS Form 8609 documentation to the Authority no later than six months after the end of the year following the Placed in Service deadline.

#### i. 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, the Tax Credit Allocation will never exceed the amount the Authority determines is necessary for the financial feasibility of the Project. The Tax Credit Allocation may be less than the Conditional Allocation.

#### ii. Extension Requests

The Authority may extend, in its sole and absolute discretion, the time for submitting the IRS Form 8609 documentation. The Owner must submit a written request, which includes an explanation for the extension request. The Conditional Allocation may be revoked if the Owner fails to (a) submit all IRS Form 8609 documentation by the due date or (b) obtain Authority approval for an extension to submit all IRS Form 8609 documentation. Projects approved for an extension to submit all IRS Form 8609 documentation may be subject to late fees.

### B. Placement in Service

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.

#### i. 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. In order for the Authority to issue a new Conditional Allocation of Tax Credits, the Owner must submit a written request, which includes an explanation for the request.

#### ii. Extension Review & Allocation Fees

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

#### iii. 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 its sole discretion.

### C. 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"). The EUA sets forth income and occupancy restrictions that the Project must uphold for 30 years. This 30-year term includes the initial Compliance Period and the Extended Use Period.

The EUA must be recorded at the initial financial closing for the Project. The EUA must be recorded in the office of the Recorder of Deeds in the county where the Project is located. Additionally, the EUA must be recorded prior to all other Project documents evidencing or securing the Project's financing. Initial financial closing and the recording of the EUA must occur within 12 months following the execution of the Reservation Letter and the payment of the Reservation fee.

### D. Required Monitoring

All Projects receiving an Allocation are subject to the following:

#### i. 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. The field

inspections will monitor construction progress, verify Application commitments, evaluate compliance with fair housing and accessibility rules and identify construction delays. Pursuant to **Section VIII.N.iii Unacceptable Practices**, future Applications may be impacted if a Participant is found to be non-compliant during construction monitoring.

## **ii. Compliance Monitoring**

Projects receiving an Allocation will be subject to ongoing compliance monitoring and reporting requirements. As a state housing credit agency, the Authority is responsible for monitoring Tax Credit project compliance – including the initial year and the annual compliance for the length of the Extended Use Period. A brief summary of the Authority’s procedures for monitoring and reporting noncompliance for properties receiving Tax Credits is found below. The Authority’s **Manual for Owners and Agents of Properties with Federal Low-Income Housing Tax Credits** (the “Authority’s **LIHTC and HOME Compliance Manual for Owners and Agents**”) provides greater detail on the Authority’s procedures for monitoring and reporting noncompliance. Projects receiving additional sources of financing will be subject to all applicable compliance regulations associated with those sources.

### **Initial Inspection & Tenant File Review**

Initial year compliance determines the baseline qualification for the Tax Credit program. Projects that fail to qualify enough units to satisfy the minimum Set-Aside requirements by the end of the first year of the credit period will not qualify for the Tax Credit program and will not be eligible for any tax credits. New Projects have until end of the year the Project was Placed in Service, or to the end of the next taxable year, to achieve the minimum Set-Aside, thus becoming eligible to claim tax credits.

For new Tax Credit projects, the Authority will conduct an on-site physical inspection and tenant file review no later than the end of the second calendar year following the year when the last building is Placed in Service. For this review, tenant files and physical inspections will be selected randomly. The reviews and inspections may be conducted at different times and may cover different units. The **LIHTC and HOME Compliance Manual for Owners and Agents**, includes a summary of documents that should appear in each tenant file.

### **On-Going Monitoring**

The Authority continues to monitor Project performance throughout the Extended Use Period, through a combination of Owner reports and Authority inspections and reviews. The **LIHTC and HOME Compliance Manual for Owners and Agents**, and the **DMS Authority Online User Manual** includes additional information regarding annual reporting requirements.

**Owner’s Annual Certification of Compliance:** Federal regulations require that Owners certify their compliance with the Tax Credit program on an annual basis throughout the Compliance Period.

**Annual Tenant Event Reporting:** Each year, Owners must report income, rent and student status for all households in the Tax Credit project, using the Authority’s online data portal.

**Tenant File Reviews:** The Authority will conduct on-site management reviews for all Tax Credit projects at least once every third year during the Compliance Period and every five years during the Extended Use Period. During the management review, the Authority will review a sample of tenant files. The Authority may expand the sample and/or conduct more frequent reviews if it determines that conditions warrant additional review.

**Physical Inspections:** The Authority is required to conduct physical inspections of Tax Credit properties at least once every three years after the Initial Inspection during the Compliance Period and every five years during the Extended Use Period to ensure habitability of the project. Tax Credit annual inspections will conform to local health, safety and building codes and to the HUD Uniform Physical Condition Standard (“UPCS”). The inspection will review a random sample based on project size, including no fewer than the minimum number of units set forth in 26 CFR 1.42-5©(2)(iii). If the Authority determines conditions warrant additional review, the Authority may extend the sample or conduct more frequent inspections.

## **iii. Noncompliance**

If the Authority finds noncompliance, the Authority will notify the Owner of the finding and extend a correction period

in which to cure the deficiencies. Deficiencies may be related to requirements of the federal Tax Credit program, commitments the Owner has made to the Authority in its Extended Use Agreement or other management criteria that reflect best practices upheld by the Authority. Uncorrected deficiencies of any category may result in penalties imposed by the Authority.

If the issues raised in a compliance review impact eligibility under the federal Tax Credit program, and the Project is within the 15-year Compliance Period, the Authority must file IRS Form 8823 Report of Noncompliance with the IRS. The Authority will make the filing after the correction period, and the report will indicate whether the deficiency has been corrected. If it remains uncorrected, the IRS will notify the Owner that it must consult with the Authority, as State monitor, to correct the noncompliance.

If the noncompliance is such that a unit or units are not qualified for tax credits, noncompliance may result in an IRS audit, a reduction in Tax Credits or recapture of Tax Credits already taken.

**Notice to Owner:** In cases where reportable noncompliance is identified, the Authority must provide the Owner with written notice that identifies the specific deficiency and give the Owner a correction period to address the noncompliance.

**Correction Period:** In general, the Authority provides a 30-day correction period from the date of the Authority's written notice. Owners may request an extension if they are unable to make corrections within that timeframe, subject to the Authority's approval, and within time limits posed by the IRS.

**Authority Review:** At the end of the correction period, including any Authority approved extension, the Authority will determine whether the unit or property was out of compliance and if that noncompliance has been corrected.

**Authority's Report to the IRS:** The Authority will file IRS Form 8823 Report of Noncompliance after the correction period, including any approved extension, and will indicate on Form 8823 if the noncompliance has been corrected. If noncompliance is corrected after Form 8823 has been filed within three years of the filing, the Authority will file a new Form 8823 to indicate that the property is back in compliance.

**IRS Notice to Owner:** On receipt of Form 8823, the IRS will send a notice to the Owner indicating the type of noncompliance reported and instructing the Owner to contact the Authority to resolve the issue. The IRS notice instructs the Owner not to include any non-qualified low-income housing units in its tax credit filing and notifies the Owner that noncompliance may result in recapture of previously claimed credits.

**Owners Tax Filing:** Owners are responsible to report any reduction in Qualified Basis and any recapture of Tax Credits with their annual tax filing.

## Appendix A: Definitions

The following capitalized terms used in the 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.

**“42(m)(2)(D) Letter”** shall mean the letter from the issuer of tax-exempt bonds that addressees the tax credit dollar amount and the reasonableness of project costs under section 41(m)(2)(d) of the Code.

**“Affirmatively Furthering Fair Housing” (“AFFH”) 24 CFR 5.150** shall have the meaning set forth in **Section II.F.**

**“Affordability Risk Index” (“ARI”)** shall have the meaning set forth in **Section IX.C.v.**

**“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.

**“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**.

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

**“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.

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

**“Average Income Test”** shall refer to the Average Income minimum set-aside election provided on line 10c of IRS Form 8609. Under the Average Income Test, at least 40% of units are rent restricted, with an average income restriction of 60% AMI, and with maximum income restriction no higher than 80% AMI.

**“Basis Boost”** shall mean up to a 30% boost to the Eligible Basis of the Project.

**“BIPOC-led firms”** shall have the meaning set forth in **Section IX.D.**

**“Board”** shall mean the board members of the Authority.

**“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.

**“Centers for Independent Living”** shall mean locations identified on **State of Illinois Developmental Disabilities website**.

**“Clarification Letter”** shall have the meaning set forth in **Section VII.D**.

**“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” (“CRS”)** 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 Revitalization Strategy Area (defined below). The strategy should include a concerted plan for comprehensive community redevelopment that includes housing policy goals, and may also include education, public infrastructure, and employment and job training. A locally approved plan is one method of documentation as well as well- documented efforts taking place outside of formalized plans are equally acceptable for this purpose.

**“Community Revitalization Strategy Area” (“CRSA”)** shall mean the Project area for a Community Revitalization Strategy. The CRSA must be contained to an area that is the smaller of the following two options: (1) An area that is no larger than a three-mile radius from the subject property(ies), or (2) an area (census tract(s), municipality, neighborhood/community area, etc.) with a population no greater than 30,000. The Authority’s Community Revitalization staff may approve a larger CRSA on an individual basis if sponsor provides documentation evidencing the need to define a larger area.

**“Compliance Period”** (notwithstanding Section 42(i)(1) of the Code) shall mean 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 and an analysis of housing and economic market conditions and available resources.

**“Control”** shall mean majority ownership interest in the Owner or majority decision making authority as defined in development agreement between Owner and guarantor. For purposes of the definition of “Sponsor”: control must mean a majority ownership interest. For purposes of determining that a Qualified Non-Profit is not controlled by a For Profit: control shall mean either a majority ownership interest or decision-making authority as defined in the entity’s legal documents.

**“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.

**“Disadvantaged Business Enterprise” (“DBE”)** shall mean an entity owned and controlled by at least 51% of socially and economically disadvantaged individuals.

**“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.

**“Difficult to Develop Area” (“DDA”)** shall have the meaning defined in IRC Section 42, which defines a DDA as an area designated by the Secretary of HUD that has high construction, land, and utility costs relative to the Area Median Gross Income (AMGI). DDAs are designated annually as updated income and FMR data are made public. See the published **HUD QCT and DDA map** for reference.

**“Displacement”** shall be defined as occurring when a person moves from a property as a direct result of the acquisition, rehabilitation, or demolition of a project, except under certain circumstances, as defined under federal regulations 49 CFR 24.2(a)(9). Exceptions include situations in which a person: is not required to relocate permanently as a direct result of the project, has been permanently relocated to a comparable unit including a comparable unit at another site, is an unlawful occupant or has been evicted for cause, or qualifies for other exceptions as identified under 49 CFR 24.2(a)(9).

**“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 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).

**“Eligible Basis”** shall mean building or development costs that are eligible for tax credits. In general, it includes the adjusted basis of a residential building, including amenities and common areas, but not including land or nonresidential space. Eligible basis does include community service facilities to the extent permitted under Section 42(d)(4)(C).

**“Equity Gap Method”** shall mean a method for calculating the tax credits needed to make a project feasible, in keeping with federal requirement that the Tax Credit allocation to any project must not exceed the amount necessary to assure project feasibility 26 USC 42(m)(2)(D). The calculation starts with total project costs, subtracts debt and other financing to arrive at the amount of equity needed from tax credits. The Tax Credit amount is derived from the tax credit equity calculation, based on the expected price, or net cost raise, of the credits.

**“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”** shall mean 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 30% of the AMI for the area in which a Project is located.

**“Food Access”** shall be defined by geographic proximities to businesses as classified by the NAICS Association under 6-digit NAICS codes as outlined in **Section VI.E.ii.b** which includes such establishments as grocery stores, vegetable markets/produce markets, farmers’ markets, etc. ESRI Business Analyst will be used to verify identified businesses fall under these classifications.

**“For-Profit”** shall mean an organization that operates to make a profit.

**“Forward Reservation”** shall have the meaning set forth in **Section II.B**.

**“General Track Scoring”** shall mean one of the two scoring tracks that Applicants can choose to pursue for 9% Tax Credits.

**“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: (i) 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; (ii) when any officer, director, stockholder, member or partner of the Owner has any financial interest whatsoever in any other Participant; (iii) when any Participant advances any funds or sells or donates property to the Owner; (iv) 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; or (v) when any Participant takes stock or any interest in the Owner entity, as part of the consideration to be paid.

**“IHDA Connect”** shall mean the Authority’s document management web application for any Authority multifamily funding resource which is available at <https://connect.ihda.org>. All PPA and Application documentation must be uploaded into and submitted through IHDA Connect. Paper documentation will not be accepted. Before submitting a PPA, Sponsors must request a Project ID (“PID”) to access IHDA Connect by visiting <https://ppa.ihda.org>. Sponsors may request assistance for IHDA Connect by reaching out to [IHDAconnecthelp@ihda.org](mailto:IHDAconnecthelp@ihda.org).

**“Illinois Regional Development Authority” (“IL-RDA”)** shall mean one of the 10 institutions created by Illinois law as “Special District” units of government to promote economic development by offering low-cost financing to eligible projects. These 10 RDAs cover 91 of the 102 counties in Illinois and were created over a period from 1985 to 2006. The full list of IL-RDAs is listed on <https://il-rda.com/elementor-473/>.

For purposes of scoring points for Illinois Regional Development Authority Participation: the IL-RDA must have a majority ownership interest and Control in the general partner or managing member of the Owner throughout the Compliance Period.

**“IRS”** shall mean the Internal Revenue Service.

**“Low-Income”** shall mean a household income at or below the income limit(s) determined by the owner’s minimum Set-Aside election. For LIHTC projects, owners may elect to make units affordable to households at or below 60% AMI, 50% AMI, or at intervals between 20% and 80% AMI, under the Average Income Test.

**“LTOS”** shall mean the Long Term Operating Support Program, a state rental assistance program administered by the Authority.

**“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, as codified at 26 CFR § 1.469-5T. Participants will be required to complete a certification form demonstrating their material participation in the Project.

**“Minority Business Enterprise” (“MBE”)** shall mean an independent business located in the United States that is at least 51% owned and controlled by one or more minority persons.

**“Owner” or “Project Owner”** shall mean the single asset entity, organized under the laws of the State of Illinois, or any other state, that is awarded Tax Credits for a Project pursuant to the QAP and which owns or will own the Project for the term of the Compliance Period, and which shall be signatory to the Extended Use Agreement. The Owner shall be Controlled by the Sponsors.

**“Participant”** shall mean a member of the Project’s development team, including Sponsor, general contractor, Architect of Record, property manager, and joint venture.

**“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).

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

**“Placed in Service”** shall have the following meaning, based on the Project type: (i) New construction Projects: A building is determined to be Placed in Service when the first unit is ready for occupancy; (ii) 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; or (iii) 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 it is restored. Notwithstanding the foregoing even if 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 development team review as fully described in **Section VI.E** and on the Website.

**“Primary Market Area”** shall mean a geographic area from which the property is expected to draw the majority of its residents.

**“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.

**“PSH Track Scoring”** shall mean one of the two scoring tracks that Applicants can choose to pursue for 9% Tax Credits. Projects pursuing the PSH Track Scoring must have at least 30% of its total units dedicated to serving Supportive Housing Populations as defined below.

**“QAP”** shall mean this 2026 Low-Income Housing Tax Credit Qualified Allocation Plan, as required under Section 42.

**“Qualified Census Tract” (“QCT”)** shall mean an area designated by the Secretary of HUD where, for the most recent year for which census data are available on household income in such tract, either 50 percent or more of the households in the tract have an income which is less than 60 percent of the area median gross income or the tract’s poverty rate is at least 25 percent. QCTs are designated annually as new income and poverty rate data are released. See the published **HUD QCT and DDA map** for reference.

**“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”** shall mean an organization which: (i) is tax exempt under section 501 of the federal tax code and has as one of its exempt purposes the fostering of Low-Income housing within the meaning of Section 42(h)(5)(C), as evidenced by IRS Form 990; (ii) has an ownership interest in the project, either directly or through a wholly owned subsidiary; (iii) materially participates in the operations of the project on a regular, continuous, and substantial basis, throughout the Compliance Period; and (iv) is determined by the Authority not to be affiliated with, or controlled by, a for profit corporation.

For purposes of scoring points for Qualified Non-Profit Participation: the Qualified Non-Profit must have a majority ownership interest and Control in the general partner or managing member of the Owner throughout the Compliance Period. Projects that elect to score points for Qualified Non-Profit Corporation participation will be identified as part of the Authority’s not-for-profit Set-Aside on IRS Form 8610.

**“Quality of Life Index” (“QOLI”)** shall have the meaning set forth in **Section IX.C.ii.a**.

**“Racially or Ethnically Concentrated Areas of Poverty” (“R/ECAP”)** shall mean, according to U.S. Department of HUD, a neighborhood can be a R/ECAP if it has a poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower. HUD designates census tracts with this extreme poverty that satisfy the racial/ethnic concentration threshold as R/ECAPs. HUD used

component data from the decennial census (2010) and the American Community Survey (2009-2013) to determine which geographies met R/ECAP criteria in 2010. See **the published HUD R/ECAP map** for reference.

**“Relocation”** shall mean the Authority’s Relocation requirements in accordance with 24 CFR 236 are addressed in **Section VIII.L** of the QAP and in the Authority’s Relocation Checklist.

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

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

**“Scattered Site”** shall mean buildings which would (but for their lack of proximity) be treated as a single Project. The Authority will not provide a single allocation of Tax Credits to Scattered Site Projects in which Units are not rent-restricted, as addressed in Section 42(g)(7) of the Code.

**“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 in **Section IV** of the QAP.

**“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.

**“Sponsor”** shall mean an entity that is applying for Tax Credits for a Project pursuant to the QAP. The Sponsor shall Control the Owner of the Project for the term of the Compliance Period. The Sponsor shall not be a single asset entity. Project consultants and other like professionals shall not be considered Sponsors.

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

**“Statewide Referral Network” (“SRN”)** 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 need long- term supportive services. It is expected that referrals in need of ongoing supportive services will have them arranged by the referring service provider.

**“Statewide Referral Network Units” (“SRN Units”)** shall mean units for households earning at or below 30% of AMI, where the unit has a 30% AMI designation, and 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 and are eligible for Permanent Supportive Housing, as defined above, and refers to households headed by persons with chronic disabilities and/or households that are homeless, at-risk of homelessness or unnecessary institutionalization, and other special needs populations who need access to supportive services in order to maintain housing stability, including justice-involved persons and victims of domestic violence.

**“Supportive Living Facility” (“SLF”)** shall mean a residential setting that meets the requirements of Subpart B of 89 Illinois Administrative Code 146.

**“Tax Credits”** shall mean federal Low-Income Housing Tax Credits, as authorized by Section 42.

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

**“Tenant Selection Plan” (“TSP”)** shall mean the plan that specifies the procedures that will be followed to select tenants for the Project, including qualifying criteria, income limits, and preferences. Preferences may include special populations such as Elderly, special needs, or family housing.

**“Type A”** shall mean a unit that is an adaptable dwelling unit designed to meet the provisions of code ANSI 2009, Section 1003.

**“Unit”** shall mean 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”** shall mean the U.S. Department of Agriculture.

**“Women Business Enterprises” (“WBE”)** shall mean an independent business located in the United States that is at least 51% owned or controlled by one or more women.

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

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Financing the creation and preservation of affordable housing in Illinois.