



IOWA FINANCE  
AUTHORITY

# LIHTC Developer Training

November 20, 2019

# AGENDA

TIME	SPEAKER(S)	TOPIC
9:00 am – 11:45 am	Dave Vaske Rita Eble John Kerss Katie Kulisky	Introduction and Qualified Allocation Plan (“QAP”) Review HOME Rental with LIHTC
10:30 am – 10:45 am		BREAK
11:45 am – 1:15 pm		LUNCH
1:15 pm – 2:30 pm	Stacy Cunningham	Online Application Guide and Application Overview
2:30 pm – 2:45 pm		BREAK
2:45 pm – 3:30 pm	John Kerss Katie Kulisky Nancy Peterson	Exhibits and Appendices Overview
3:30 pm		Questions and Answers

# HOME RENTAL WITH LIHTC

# HOME RENTAL WITH LIHTC

## *Tip Sheet*

- Types of project eligible: New construction and Rehabilitation
- Eligible Applicants: Nonprofit and For-profit
- Tenants to serve: If five or more units (not just HOME units) the project must serve 20% at/below 50% AMI. The rest of the HOME units must serve at/below 60% AMI.

# HOME RENTAL WITH LIHTC

Rents must be at or below the HUD fair market rents for the county the project is located. There is a link on the application to make sure that you use the correct rent limits.

The affordability is determined by the amount of HOME received per unit. All new construction is 20 years. Rehab projects over \$40,000 per unit is 15 years, between \$15,000 and \$40,000 per unit is 10 years, and less than \$15,000 per unit is 5 years.

# HOME RENTAL WITH LIHTC

Maximum HOME assistance per rental application is \$500,000.

The maximum number of HOME units in a project is 11 or under.

Utility allowance contact

[Derek.folden@iowafinance.com](mailto:Derek.folden@iowafinance.com) to request the utility allowance for the project (only if the tenants will be paying the utilities in your project).

# HOME RENTAL WITH LIHTC

If your project (all project are noise sensitive projects) then they must not be within 1,000 feet of major roadways; 3,000 feet of railroads; or 15 miles of a military or FAA regulated airfield. If the project is within these noise generator amenities, then a noise assessment should be completed and submitted with your application. The acceptable day-night average sound level (in decibels) should not exceed 65 dB. The interior noise should not exceed 45dB. This is all explained in the appendix.

- Exhibit H-22 Noise Abatement and Control

# HOME RENTAL WITH LIHTC

The environmental review must be complete prior to any action being taken on the proposed project site. The environmental review must be completed with a release of funds letter from IFA prior to any “site limiting actions”.

A HOME project cannot be located within a one-hundred or 500 hundred flood hazard area.

- Exhibit H-23 Flood Zone – FEMA FIRMette map of each site.



# HOME RENTAL WITH LIHTC

## HOME MAXIMUM PER UNIT SUBSIDY RENTAL

Per Omaha Field Office  
Effective May 9, 2019

PJs	HCP	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Base		\$62,445.00	\$71,584.00	\$87,047.00	\$112,611.00	\$123,611.00
All Nebraska and Iowa PJs/Counties	240%	\$149,868.00	\$171,801.60	\$208,912.80	\$270,266.40	\$296,666.40

# HOME RENTAL WITH LIHTC

If you have questions, please contact me by email:

[rita.eble@iowafinance.com](mailto:rita.eble@iowafinance.com)

Derek Folden

[derek.folden@iowafinance.com](mailto:derek.folden@iowafinance.com) can also answer HOME questions and underwriting questions.

# QUALIFIED ALLOCATION PLAN REVIEW

# QUALIFIED ALLOCATION PLAN REVIEW

- QAP and Overview of Changes Review.
- QAP Section 9.2 – Binding Obligations, “The representations made in the Application shall bind the Applicant and shall become a contractual obligation of the Developer and the Ownership Entity and any Entity the Developer or the Ownership Entity is representing in the presentation of the Application or a successor in interest in the event Tax Credits are awarded to a proposed Project.”
- IFA Website.

# **2020 Online Application Guide and Application Overview**

# 2020 Online Application Guide

A. Instructions

B. Resources

C. Guidance by Application Tabs

# Project Name and Location Tab

- Political jurisdiction and CEO's contact information
- Email is automatically sent to the CEO upon Application submission to fulfill the notification requirement set forth in Internal Revenue Code Section 42(m)(1)(A)(ii).

# Project Description Tab

- Set-Asides
  - ✓ Refer to QAP Part A., Sections 2.2 – 2.2.4.
  - ✓ Supportive Housing for Families Set-Aside has separate application.
- Minimum Set-Aside Election (irrevocable)



# Project Description Tab

- Other Elections
  - Scoring.
  - Refer to Section F. – Set-Asides, Exhibits, and Scoring Checklist.

# Site Description Tab

- Access to Utilities
  - ✓ Refer to QAP Part C., E.
- Access to Paved Roads
  - ✓ Refer to QAP Part C., D.
- Relocation Plan
  - If State Home, Exhibit H-17 required.
- Site Characteristics
  - 100-year flood zone language updated.
    - ✓ Exhibits 6B(a), 6B(b), 6B(c)
  - If State HOME, Exhibit H-23 required.
    - ✓ Refer to HOME Exhibit List.

# Site Control Tab

- Site Control Documents
  - Exhibit 1B.
  - Must be valid for at least 9 months from March 11, 2019.
  - Developer, General Partner/managing member, or Ownership Entity may have site control at threshold Application submission.
  - Site control includes on-site and off-site parking.
    - ✓ Refer to QAP Part C, A. Site Control.

# Site Control Tab

- Legal Description  
Make sure a complete legal description is provided in the Application and included in site control documents.
- Ten-Year Rule
  - Exhibit 8T required for Acq/Rehab with acquisition credits.
  - Auto-fills from entries made on the Buildings tab.

# Ownership Entity Tab

- The Ownership Entity is not required to be formed at threshold Application submission unless State HOME funds are requested.
  - Name, address, and contact required as well as the Ownership Entity Components.
  - Exhibit 3TF required of all Projects at threshold.
- Awarded Projects shall have 30 days from the Reservation Date to submit Ownership Entity information through the online Application.
  - ✓ Refer to QAP Part A., Section 5.2 - Legal Ownership Entity.

# Qualified Development Team Tab

- Mandatory team members are defined in QAP Part D., Glossary of Terms – Qualified Development Team.
- Organizational Structure
  - Provide officers, members, managers, directors.
- LIHTC Experience (QAP Part A., Section 6.4.2.1)
- Multi-Family Experience (QAP Part A., Section 6.4.2.2)
- Performance (QAP Part A., Section 6.4.2.3)

# Identity of Interest Tab

- Enter all team members in the Qualified Development Team tab prior to completing the Identity of Interest tab.
- Fees for parties with an Identity of Interest must be entered.
- Refer to QAP Part D., Glossary of Terms – Identity of Interest.

# Ineligibility Tab

- Review the Ineligibility Tab with all Qualified Development Team members and affiliates thereof prior to entry of the answers into the Application.
- Failure to disclose may be subject to an ineligibility period of not less than three (3) years. Refer to Appendix G – Ineligibility of the Application Package.
- Answer the questions for all Qualified Development Team members and affiliates thereof.



# Project Amenities Tab

- Market Appeal (QAP Part A., Section 6.3.1) and Construction/Unit Characteristics (QAP Part A., Section 6.3.4) scoring elections.
- On-site and Off-site Parking Fees
  - If a parking fee, the cost may not be included in Eligible Basis.
- Scoring elections, heating/cooling, and hot water heating entries automatically transferred to the Construction Characteristics Tab.

# Construction Characteristics Tab

- Refer to QAP Part C., G – Minimum Development Characteristics.
  - Plans and specifications provided at threshold shall match Application entries.

# Buildings Tab

- Nine-digit zip code and census tract  
The nine-digit zip code entered must match the location of the building(s).
  - ✓ If an incorrect nine-digit zip code is entered and preliminary points are received for QAP Part A., Section 6.2.2 - Iowa Opportunity Index Census Tracts, final points will be reduced.
  - ✓ If an incorrect nine-digit zip code is entered and incorrectly places the building(s) in a QCT, the boost will be lost (up to 30% if QCT & CCRP).

# Buildings Tab

- Serving Lowest Income Residents  
Enter the number of 40% and/or 30% AMI Units for which points are requested.
  - ✓ Refer to QAP Part A., Section 6.1.1.
  - ✓ May be eligible for boost up to 30%. Refer to QAP Part A., Sections 4.10.3.1 and 4.10.3.2.
- Market Rate Incentive  
Enter the number of market rate units for which points are requested.
  - ✓ Refer to QAP Part A., Section 6.1.2.

# Buildings Tab

- **Olmstead Goals**  
Enter the number of Fully Accessible and Additional Accessible Type A Units at the building and unit levels.
  - ✓ Refer to QAP Part A., Section 6.3.5 and QAP Part D., Glossary of Terms – Accessible Units.
- **Estimated Placed-in-Service Date**  
The Placed-in-Service Date entered on the Project Timeline and Buildings Tabs need to match. If multiple buildings, use the first building's Placed-in-Service Date on the Project Timeline Tab.

# Buildings Tab

- Square Footage
  - Net square footages entered must match plans.
  - Entry of net square footages for common and commercial spaces required per building.
- If a building is 100% common space, check the box - Common Space Only.
- Costs for an accessory building must be entered on the accessory building line on the Costs and Credit Calc. tab. Do not put in rehabilitation or new construction.

# Buildings Tab

- **Number of stories**  
The number of stories entered for each building must match the plans.
- **Utilities**  
Utility allowances are entered per building and automatically carries over to the Units.
  - Exhibit 11T or Home Exhibit H-13.

# Buildings Tab

- Units
  - Units of the same square footage, bedroom, bathroom, Accessibility Type, and AMI% can be completed in one entry.
  - Accessible Unit types entered must match the Accessibility types shown on the plans.
  - Identify LIHTC, HOME, or market.



# Funding Sources Tab

- Equity price must match Exhibit 10T.
- Existing debt to be assumed shall be disclosed in the Application.
- Federal funding – Check all applicable federal funding sources proposed for the Project.
- Multiple funding sources are permitted if State HOME or Senior Living Revolving Loan Program is checked on the Project Description tab.
  - ✓ Refer to QAP Part A., Section 4.5.4.

# Costs and Credit Calc. Tab

- Other
  - Don't use if there's an existing category. Must explain and provide a break-down of multiple costs included in "other" total.
- A Soft Cost Contingency may be entered that is the lesser of \$20,000 or 6% of the subtotals of the Interim Costs, Financing Fees and Expenses and Soft Costs minus the soft cost contingency.
  - ✓ Calculation shall be provided on the Financial Feasibility Tab.

# Costs and Credit Calc. Tab

- Eligible Basis Boost
  - ✓ Refer to QAP Part A., Section 4.10.
  - Adjustment for QCT or DDA (15%)
  - Adjustment for CCRP (15%)
  - Adjustment for Rural (15%)
  - Adjustment for Serving Lower AMI's (1% to 30%)
  - Supportive Housing for Families Set-Aside (30%)

# Costs and Credit Calc. Tab

- Less Federal Financing  
A federal grant must be listed on the Funding Sources Tab and basis shall be reduced automatically.
- Less Federal Historic Tax Credit  
Residential - Enter amount to reduce basis.

# Costs and Credit Calc. Tab

- Credit Calculated by. (Example)
  - Eligible Basis \$840,000
  - Equity Gap \$659,000
  - Tax Credit Cap \$622,000
- Credit amount will be \$622,000.
- Use \$622,000 to calculate the reservation fee.

# Projected Operating Costs Tab

- Property taxes must be entered separately for years 1 through 15 with escalation.
- The IFA compliance monitoring fee automatically calculates once all Units have been entered.
- Operating Expenses and Annual Replacement Reserve requirements are listed on the Financial Feasibility Tab.

# Projected Cash Flow Tab

- Income and expenses calculations and vacancy rate requirements
  - ✓ Refer to QAP Part A., Sections 4.1.1 and 4.1.2.
- DSCR
  - 15-Year Average DSCR between 1.20 and 1.50 required; any one year cannot go below 1.15 or above 1.70 for the first 15 years.
  - ✓ Refer to QAP Part A, Section 4.1.3 and 4.1.3.1.

# Acknowledgements and Certifications Tab

- Lists specific QAP requirements.
- Review and check the boxes.



# Exhibits Tab

- Exhibit Checklist
  - Based upon Application entries.
  - **IFA Form Required** is a link to the current funding round webpage.
- Exhibit Upload
  - Can arrange uploads by selecting exhibit, title or upload date.

# Financial Feasibility Tab

- QAP Section 4 requirements.
- Operating Reserve and Replacement Reserves – explanation required.

# Scoring Tab

- Preliminary Score
  - No guarantee of final score.
  - Must check the box to accept the preliminary score before submitting threshold Application.
- Final Score
  - Projects that meet threshold shall receive a final score.

# 2020 APPENDICES OVERVIEW

- Refer to page 8 in the Online Application Guide.

# 2020 LIHTC EXHIBITS OVERVIEW

- Refer to Section F. of the Online Application Guide

