



FINAL 2021 LIHTC ROUND QUESTIONS AND ANSWERS POSTED THURSDAY 5-6-2021

New Questions in Red

IFA Answers to New Questions in Blue

*If there are any updates or clarifications to any IFA answers, they will be highlighted.

General

The Iowa Federal 9% LIHTC Program Training Guide states that the application submission due date is May 10-12, 2021. Some states post on their website who applied and the project name, address etc. Is this something that Iowa Finance Authority posts on your website, if so, when? Will the award of credits be posted for the public after the Board of Directors meeting in September 2021?

Yes, the list of all applicants and applicant information will be posted on the website after the due date.

Yes, the list of awardees will be posted on the website after the board meeting.

Section 1 – Introduction

1.1.2 – 2021 Funding Round Schedule

Can you confirm that the 2021 9% Tax Credit Application date has been moved to May 12th, 2021?

Yes, the due date for the 2021 Applications is May 12th, 2021 at 4:30 pm CST.

It appears that the 2021 QAP is open to public comment up to March 16th, does this mean the QAP could change from what was previously posted prior to this?

The primary purpose of the first amended 2020-21 9% QAP was to incorporate the disaster credits allowed by the IRS, which in Iowa relates to the Derecho. Please review the Overview of Changes posted on the IFA website.

If we have funding or purchase contracts that met the QAP timing requirements for the March due date, do we have to extend or revise these contracts to meet the timing requirements for the new May due date?

Yes.

Section 2 – Set-Asides

2.2.1 Nonprofit Set-Aside

To qualify under the Nonprofit Set-Aside, Section 2.2.1(4) states each of the Owner Representatives shall be a Nonprofit. For a Nonprofit that does not itself score under Section 6.4.2, please confirm it cannot hold 50% of the Managing Member Interest with a For Profit that scores under Section 6.4.2 holding the other 50% Managing Member Interest.

To qualify for the Nonprofit Set-Aside, the Nonprofit entity must be the sole GP/MM or the sole shareholder/member of the GP/MM so a For-Profit could not hold 50% of the MM interest.

To qualify under the Nonprofit Set-Aside, Section 2.2.1(4), please confirm a Nonprofit can hold the sole Managing Member Interest and split the Developer fee 50/50 with a For Profit Developer that scores under Section 6.4.2 resulting in the Nonprofit applicant scoring under Section 6.4.2.

Yes, the Nonprofit could partner with a for-profit developer, so long as the Nonprofit is materially participating in the project in the Development and operations of the project throughout the Compliance Period and Extended Use Period. Developer fee would be required to be split 50/50 as stated in the question.

2.2.2 – Supportive Housing for Families Set-aside

In section 3.1 of Appendix A for the Supportive Housing for Families set aside, it states that these projects are eligible for a thirty percent (30%) basis boost and will be allowed to exceed the Tax Credit Cap per LIHTC Unit but does not state that there is a maximum other than the \$840,000 per project maximum. There is not a reference in the Appendix F – LIHTC per Unit Cost Cap about the set-aside, does this mean that there is not a per unit cap for the Supportive Housing Set Aside?

Section 1.2 of Appendix A for the Supportive Housing set-aside states that the Project shall meet all QAP threshold items specific to the funding requested, unless otherwise specified. Therefore a supportive housing project is allowed a maximum 30% increase in basis boost and a maximum 30% increase in the tax credit cap per unit as shown in Appendix F – LIHTC per Unit Cost Cap.



To submit for the qualified supportive service provider, do we need the final legal agreement done, or just the 1HSA?

Per the 2021 Appendix A, The Applicant shall submit a completed Exhibit 1HSA - Qualified Service Provider Capacity Determination form and a complete copy of the qualified service provider's most recent independent audit (fiscal year 2019 or later) through the online Application on April 23, 2021. (by 4:30 p.m. You should complete the qualified service provider information on the Qualified Development Team Tab and upload the Exhibit 1HSA with the qualified service provider's most recent independent audit to the exhibits tab. There is a "submit qualified service provider request" field on the Qualified Service Provider Tab on the Qualified Development team.

2.2.5 – Derecho Disaster Set-aside

Please confirm the Section 2.2.5 Derecho Disaster Set-Aside is limited to the additional disaster tax credits IFA will receive under the Consolidated Appropriates Act, subject only to the possibility of the last project scoring under this category requiring funds from the General Pool to fully fund it.

Yes, IFA will fully fund the Derecho Disaster Set-Aside by using credits from the general pool if necessary.

2.3.1 – Developer Cap

There are two partners on a deal, Partner A and Partner B. Partner A has 75% of the developer fee interest and 25% of the GP interest. Partner B has 25% of the developer fee interest and 75% of the GP interest.

For purposes of the Tax Credit Cap in 2.3.1, is it accurate that 75% of the LIHTCs will be allocated to Partner A and 25% of the LIHTCs to Partner B?

Tax Credits are allocated to the Ownership Entity; however, parties that have an Identity of Interest may be treated as a single Applicant for purposes of the Developer Cap if IFA concludes, based on the relevant facts and circumstances, that the submission of an Application by one or more of the Applicants is intended, in whole or in part, as a means of circumventing the annual Developer Tax Credit cap. Consideration will be given to the familial, financial, business or any other significant relationship in the review of the Identity of Interest as it relates to the Developer Cap. The higher percentage of interest, whether developer fee interest or interest in the project, would count in applying the Developer Cap.

Section 3 – Threshold Requirements

3.3.2.4 – Document Timeliness

In October 2017, the City Council passed a resolution to establish an Urban Revitalization Tax Exemption on a proposed development parcel subject to the receipt of Tax Credits. We did not receive an award that year. We are making application this round on the exact same parcel. The City is asking if an amendment to the previous Resolution would be adequate for application purposes.

An update or amendment of the project specific city resolution will be needed. All supporting documentation required by the Application shall not be more than 180 days old, unless otherwise noted, on the date that the Application is submitted to IFA.

3.4 – HOME Funds

Where do we find the HOME section in the Application?

Request HOME funds on the Project Description Tab, under Credit Request. This will add the HOME Tabs.

How much HOME funds will be available for 2021 9% apps?

IFA has not finalized the dollar amount. We are anticipating 4 million dollars.

What are the terms for the HOME funds for the 2021 upcoming round?

The HOME limit is \$500,000, 0% for 20 years, 1% loan repayment yearly for HOME, if the full \$500,000 then payment required would be \$5,000.

If you are to apply for the HOME funds, will the same standard HOME requirements (noise study, local match resolution, etc.) be required as part of the application or will this be able to be taken care of at deficiency or after award.

You can obtain a noise map from the airport website that indicates projects are well outside the 65db noise contour. You can submit that map and the H22 to satisfy the noise question at this stage.

For the HOME match funds, is the LIHTC equity an eligible match?

No, LIHTC does not count as HOME match funds.



Looking at the HOME – Appendix C, should I be using Base or All Nebraska and Iowa PJs/Counties as guidance?
Yes, you should be use Base or All Nebraska and Iowa PJs/Counties as guidance.

If awarded, when would HOME funds be distributed?

HOME funds can be reimbursed throughout the construction, but 10% is held until all HOME units have initially been filled.

Can the HOME Funds be pledged or assigned to the bank?

No

Is the HOME Funds mortgage a soft second behind the bank's construction and perm loan mortgage?

The HOME mortgage can be in second position.

Are the HOME Funds affordability restrictions junior in priority to the banks mortgage, so that in the unlikely event of a foreclosure, the restrictions would be terminated as contemplated in 24 CFR §92.252(e)(1)?

No, affordability must be met or the project will be required to pay the entire HOME loan back.

Would you please advise on what we are to do if we are not able to get the utility allowance information from IFA in time?

If you run into a timing issue, contact Dave Vaske to discuss the situation.

Is there a way in the application to have two separate utility allowances where the local PHA allowances are applied to all LIHTC units and the required HUSM allowances are applied to the HOME only units?

No, you cannot use 2 utility allowance schedules. If you are applying for HOME, you must use the HOME utility allowance schedule regardless of the amount.

Which year rent and income limits are being used in the application?

IFA is using the 2021 HOME rent and income limits which are effective 6-1-2021.

The HOME portion of the application is asking if the Ownership Entity/General Partners have previously received a State HOME Award, is this referring to the specific special purpose entity, or the member owner of that entity?

Anyone involved in the application (team members).

Does the DUNS# need to be for the ownership entity or for the developer?

The DUNS # needs to be for the actual ownership entity. You will need to apply for a DUNS# for the ownership entity if you do not have one.

The 9% application we are submitting uses local HOME funds. Because these are not State HOME Funds, we assume we will not have to enter exhibits H-1 thru H-34, but will we still need to designate which units are HOME units on the application as it relates to IFA?

No, you do not have to submit the State HOME exhibits. You do not have to designate the HOME units. Reflect the correct AMI percentages of the Units.

Can you please advise where I can find the HOME exhibits for the 2021 LIHTC application?

The 2021 HOME with LIHTC Requirements documents should be posted under the 2021 LIHTC Round on the IFA website.

The QAP indicates that IFA may allow non-rural or non-supportive housing developments to apply for HOME funds at IFA's discretion. What is the process to determine whether IFA will allow this? Do we need to secure permission prior to application, or do we simply assume it in our application, and IFA will evaluate it then?

IFA has made the decision to allow all 2021 9% LIHTC Applicants to apply for HOME funds.

If you are intending to apply for State HOME funds, complete the HOME section in the online Application and attach the appropriate information. IFA shall jointly review Applications applying for HOME funds and Tax Credits. Additional points will not be awarded to an Applicant that seeks HOME funding. IFA has the sole and final authority with respect to any reservation of Tax Credits or HOME funds.

If a letter of support is not available from the local jurisdiction, it appears that IFA will accept a letter of support from "local citizens or local organizations." Can this be any local organization or are there other requirements?

The local support document can be from any local organization within the jurisdiction of the project.



Section 4 – Underwriting

4.5.2 – Other Financing

We are working with a community who is wondering if they can use tax credits along with the upper story pilot (which we believe is CDBG funding) to do housing rehabilitation on units above main street. Is this a feasible combination?

CDBG funding can be combined with LIHTC. Requirements for both programs must be met.

4.5.3 – Other Commitments

We do not see an option for TIF loans in the application. Since these are typically structured so that we pay the real estate taxes and then the city rebates us a portion of that to fund a loan, should there be a cash inflow added in the revenue side or would the debt service of the TIF loan not be added to the DSCR calculation since it was technically paid through the real estate taxes?

Please show the taxes paid with the rebate for each year on the Projected Operating Costs tab. With that, you will want to show a tax abatement loan as a funding source to offset the lowered taxes.

4.5.5 – Senior Living Revolving Loan Fund

If a project is requesting Senior Revolving loan funds, do we need a commitment from IFA in the 6T tab, or do we just show it on the Funding Sources tab of the application?

Show the Senior Living Revolving Loan on the Funding Sources Tab, there is not a required exhibit 6T. You are required to add an alternative funding source which does require documentation.

Can you provide IFA first mortgage along with IFA Senior Revolving Facility?

IFA can provide a perm loan in addition to the senior living loan. Please note that if you wanted to use the senior living during construction, we can do a 1st mortgage with a shared senior priority based on loan amount with another bank if desired. We have also provided just a perm senior living loan once the project has met stabilization.

If yes, what will be your terms and what letter can you provide me now for the application?

Our current rate for 16 years is 4.67% with a 2-year rate lock. 17 years would be 4.74%. Our maximum amortization is 35 years.

If no, will you be willing to take a second mortgage on Senior Revolving Loan facility since no other lender in the market will take a second position on a perm loan?

The Senior living Revolving Loan needs to be a first mortgage on the perm loan; it can be a shared 1st mortgage during construction.

Will IFA offer the Senior Living Revolving Loan for the 2021 9% LIHTC round?

Yes, please see Appendix D.

4.5.6 – HOME with LIHTC

In the Funding Sources Tab where you enter the HOME funds information, it has a question “Alternative Source of Funds?” with a drop-down option of yes or no. Could you direct me to the documents that provide the information on what this is and how it should be handled?

If HOME funds are being requested, you will need to enter an alternative source of funds. Refer to First Amended QAP, Part A., 4.5.6.

Section 5 – Threshold Requirements

5.3 – Qualified Development Team

Is it ok for the consultant contract to be in the name of the developer and not the ownership entity, even if the ownership entity is already formed? The contracts were signed before the owner entities were formed.

This is acceptable, provide a narrative to explain the situation.

5.3.1 – Mandatory New or Returning Developer Training

Where do we find the Developer Training and how do we let IFA know that we have taken it?

You will find the training webinar on the IFA website under 2021 Housing Tax Credit Round – QAP Training.

There is a question on the Qualified Development Team Tab – Developer page that will require an answer for a new or returning developer.



5.3.2 – Open Project Limitation

We have three open IFA projects; it looks like we can win only one 9% award as a developer or general partner. What if we are a consultant? Is there a limitation on the number of awarded projects a consultant can be on?

A Developer that has 3 open IFA projects may only receive 1 Project award. A Developer can be listed as a consultant, but the Developer requirement of 3 open IFA projects still applies regardless of the QDT member type listed in any Application. There is no limitation on how many applications a consultant can be listed on; however, a Developer or General Partner/Managing Member shall only be listed as a "QDT" member on a maximum of four (4) Applications per QAP Section 5.3.3. Additionally, IFA will consider parties that have an Identity of Interest as a single Applicant for purposes of the Developer Cap if IFA concludes, based on the relevant facts and circumstances, that the submission of an Applicant by one or more of the Applicants is intended, in whole or in part, as a means of circumventing the annual Developer Tax Credit Cap. Please review QAP Section 2.3.1 – Developer Cap (1 -\$1,760,000 to Projects being Developed by a single Developer; 2 - no more than 3 Projects per Developer).

5.4.2 – Location Near Services

If a Project does not have an assigned address and uses an intersection or approximate address that places the Project in an incorrect census tract in the Application because the intersection is on the border of two census tracts, can an Applicant use a nine-digit zip code of a near-by residence or business that would be located in the same census tract in order for the Application to reflect the census tract for the Project site?

Yes, however, the location of the Project and nine-digit zip code are subject to IFA's review. Use of an incorrect nine-digit zip code that places a Project in the wrong census tract may result in the loss of scoring points for Opportunity Index Census Tracts and/or the Qualified Census Tract ("QCT") increase in Eligible Basis.

If there is not a community college or satellite office within the 2-mile radius required, would a workforce development office satisfy this service type? The closest community college to the project is 3.6 miles.
No, a workforce development office is not acceptable.

Section 6 – Scoring

6.2.3 – Rural Disaster Recovery and Rural Derecho Disaster Recovery.

Please confirm Section 6.2.3 points will be awarded to a Project located in a Rural city this is eligible under the Section 2.2.3 Disaster Recovery Set-Aside, OR a Project located in a Rural city that is eligible under the Section 2.2.5 Derecho Disaster Set-Aside.
Yes.

6.3.2 – Projects with Historic Significance

Regarding the scoring for "Historic" properties, am I correct in that while "Historic" properties receive five points in Section 6.3.2 they also automatically lose eight points in Section 6.3.7 (Energy Efficiency) making these projects non-competitive in the current funding round?

Historic Projects may be eligible for the 5 points under QAP Section 6.3.2. Projects utilizing historic tax credits are not eligible for points under QAP 6.3.7 Energy Efficiency. A Project will not be eligible for every scoring category.

What documentation is needed to verify the historic significance of a project?

All buildings within the Project shall be on the National Register of Historic Places or are determined eligible for the National Register by SHPO. Applicants requesting points for historic significance shall use state and federal historic tax credits as a funding source. Provide this as Exhibit 6S.

6.4.2.1 – LIHTC Experience

Using the example in the question for 2.3.1, for purposes of Developer Experience in 6.4.2.1, if Partner A does not meet the point requirements (of either scoring item) but Partner B does (for both items), is it accurate that the project will qualify for all 5 points based on Partner B's experience?

If there are two Developers and two General Partners/Managing Members, one partner may qualify for the points so long as 50% of the Developer Fee or 50% interest in the GP/MM is met by the partner requesting the points for the 2 categories under 6.4.2.1. Both partners would not need to qualify for the points.

For 5.3.1 & 6.4.2.1, if our Developer Partner has materially participated in multiple LIHTC projects, even if say constructed hypothetically 10 years ago, but are still receiving Form 8609 yearly including year 2020, would this satisfy the requirements of both QDT (5.4.2) and LIHTC experience (6.4.2.1 - 3 pts)?



These QAP sections relate to the developer sponsored LIHTC projects that have been issued an initial 8609. The initial 8609 is issued approximately 2 to 3 years after the award of LIHTC. IRS Forms sent in by the owner annually for tax purposes do not count. The Applicant would have to have 8609's issued by a State between 2/28/2015 and 2/28/2021 to receive 3 points under 6.4.2. If a Developer has received an award of LIHTC and received an IRS form 8609 they are not considered a new developer.

For section 6.4.2.1, to get the 2 pts, does the Syndicator that the deal was closed with on a previous project need to be the same syndicator on the new project? Or can you qualify for the points if you closed a project with the syndicator listed in that project within 8 months?

6.4.2.1 applies to the current Project's Developer or General Partner/Managing Member that was a Developer or GP/MM of another Project that closed with a Syndicator (it does not have to be same) within 8 months of award issuance. Submission of Exhibit 1S – Developer or General Partner/Managing Member LIHTC Experience and the required attachments required.

For the 2 LIHTC Projects receiving the 8069's between the dates listed, do these have to be Iowa Projects or just any 2 LIHTC Projects that meet the requirement?

Eligibility for this scoring category is not exclusive to Iowa Projects – the 2 LIHTC Projects may be in any state. Exhibit 1S is required for this scoring category and lists required documentation.

How is award date defined regarding receiving 2 points for closing a LIHTC project within 8 months of award date? Is it based on the reservation date?

The award date is based on the tax credit reservation date, which is the date you received the award letter.

Would closing a competitive State LIHTC Project or a 4% LIHTC Project within 8 months of award also count for the points?

IFA will allow a closing for a 4% LIHTC Project to qualify in this section. IFA will not allow a State tax credit award that is independent of a federal 9% or federal 4% award.

I have a question on QAP Section 6.4.2.1. Can you please confirm the last date by which a project funded in the most recent application cycle would need to close for it to qualify for points under the 2-point section of this category? For example, the award announcements presentation is dated 8/5/20. Would our project that received an award in this cycle qualify for points if it closes on April 5, 2021?

The award date is based on the tax credit reservation date, which is the date you received the award letter.

Part C – Threshold Requirements for Building, Construction, Site and Rehabilitation

G – Minimum Development Characteristics

1.7 – Minimum Unit Net Square Footage

Does IFA require the minimum inside measurement of each room (face of wall to face of wall) to meet and exceed the minimum unit sq. ft.?

The 2021 First Amended QAP, Part C., G. 1.7 states the Unit net square footage for each room is measured face of wall to face of wall. The sum total of all spaces in the Unit measured this way must exceed the Minimum Unit Net Square Footage. The Application should list the net square footage in accordance with QAP.

5.5 – Cabinetry

For Acq/Rehab projects, do all existing cabinetry need replaced to meet the specification requirements listed in QAP Part C., G5.5 – Cabinets?

High quality cabinetry that is in very good to excellent condition can be retained with IFA approval. The developer will need to be clear in the construction documents submittal, (if the project is awarded), which are staying and which are being replaced.

H – Submission of Site Characteristics

We are working with a city on the proposed site plan which we will include in our LIHTC application. If the city requires changes to the site plan (so long as it does not affect the building in any way other than its location on the site) would that present an issue IF this project were awarded tax credits?

Relocating the building to a different location on the site, all other things remaining the same, would be considered if it is a verifiable requirement from the city, pending review by the IFA construction analyst.



Online Application

General

Is there a way to copy over a prior year's application to a current funding round application?

IFA does not allow a complete transfer or copy of an application from one year to the next. The copy feature is available for multiple applications in the same funding round.

Is there a way to print the entire application, including the information in the text boxes?

Use the "Print" button in the application. If you experience a problem with a textbox cutting off, please send a screen shot of the box that is cutoff and our IT Department can fix it.

Exhibits

4T - Owner Representative Documentation

Does the General Partner/Managing Member (GP/MM) need to be formed at time of threshold application and 4T Exhibits provided? Can the GP/MM be shown as "to be formed" in the application and organizational chart if awarded? IFA does not require 3T Owner Entity Exhibits until reservation and similar to the Owner Entity we normally do not form the GP/MM unless we receive an award of tax credits.

The General Partner/Managing Member (GP/MM) is a mandatory member of the Qualified Development Team. The GP/MM entity must be formed and entered in the application which requires 4T Exhibits be uploaded in the threshold application.

11T – Utility Allowance Documentation

Will IFA accept a HUD utility model or an energy consumption model in lieu of a utility allowance from the PHA? *No, during the allocation process, Projects must use the PHA utility allowance.*

15T – Performance Questionnaire

There was a recent change to the 15Ta and 15Tb's. For those deals that have already reached out to state agencies and have received some responses do we need to resubmit the request on the new forms?

No, you do not need to re-submit the requests on the updated documents.

The 15Ta states that the form is due back to IFA by May 14, 2021. Is this date accurate given that the application due date was moved to May 12, 2021?

The 15Ta due date has been updated to June 14, 2021 and is posted on the website.

Exhibit – 15Tb asks for name of all the projects that will be submitted by a developer to IFA (Refer section B in attached file). We must send these certificates to states early in order to get them back on time. It is very much possible that we might decide to do an additional project on a later date. In such scenario, how do we add the project name in the existing certificate which is already signed by a State?

If you prepare another project application after you have sent the 15T to the applicable states, you will have to send out a new 15T for that additional project.

9B – Scope of Work

Please confirm the 9B Scope of Work exhibit is only required for Rehab projects and is not required for New Construction?

When entering an application, the Exhibits Tab will tell you if it is required for a specific project. This information is also on the exhibit's checklist in the online application training guide, page 41. Exhibit 9B is required if the Project is Acq Rehab, Rehab or Adaptive Reuse.

HSA – Qualified Service Provider Exhibits

Are the Qualified Service Provider exhibits needed only for the Supportive Housing set-aside, and thereby NOT required for the non-profit set-aside? Are there other documents needed by 4/23?

The Threshold, Exhibit, and Scoring Checklist is in the Online Application Training Guide (posted on website). This explains the required submissions. Nonprofit Set-Aside does not have a submission due date of 4/23 as that is only for the Qualified Service Provider Requests for those that will be applying under the Supportive Housing for Families Set-Aside (Appendix A posted on website).