

## EXHIBIT E – APPLICATION REQUIREMENTS

### A. Application for Tax Credit Reservation, HOME funds, or Tax-Exempt Bond Conditional Commitment shall Include:

1. Complete application form (current year), including, but not limited to:
  - a) Complete breakdown of the funds anticipated. Sponsor must provide a letter of interest or commitment from the Lender(s) and Equity Provider(s) for the investment of all required equity and loan funds in the development. Said document(s) to identify and outline the specific terms (i.e., pricing, costs, structure, equity injection schedule, required reserves, etc.) either being offered or proposed by the Lender(s) and Equity Provider(s) (See Section 7.3.13 of the QAP)
  - b) Sponsor's calculations or explanations for estimated construction loan interest, required reserve amounts, or unusual fees that are included in total development costs.
  - c) If applicable, documentation regarding the terms and conditions of proposed subsidies.
  - d) Documentation substantiating utility allowance calculations.
  - e) 30-year pro forma that demonstrates reasonable debt service coverage.
2. If a request for basis boost is included in the application, (see Section 5.5), a detailed narrative to include comprehensive reasoning and justification to support that the development resides within an eligible area is required to be given consideration by the Association for the boost;
3. Narrative description of the development;
4. Market Study and Feasibility Requirements. A current (no more than 6 months old) Market Study is required which recommends and justifies the overall market area demand for the proposed rental units. Sponsors will be required to obtain their market study from a provider who is listed on the Association's approved market study provider's list.

For acquisition/rehabilitation developments, a previously completed MAI appraisal can be used to establish market feasibility provided: 1) the appraisal report is no more than six months old, and 2) the appraisal addresses the development's ability to sustain occupancy at 93% or greater.

An update will be allowed up to six months after the date of the original market study or appraisal; provided that it doesn't extend more than 12 months beyond the original date of the appraisal or market study.

At a minimum, the market study should include:

- A statement of the competence of the market study provider, detailing education and experience of the primary author and including statement of non-interest;
- A site visit and description of the proposed site and neighborhood, including physical attributes of site, surrounding land uses, and proximity to community amenities or neighborhood features including shopping, healthcare, schools, and transportation;
- A map and photos of the subject site and surroundings showing location of community services;
- An overview of local economic conditions, including employment by sector, list of major employers, and labor force employment and unemployment trends over past 5-10 years;
- A description of the proposed development, detailing proposed unit mix (number of bedrooms, bathrooms, square footage, proposed rents, Area Median Income (AMI) level, utility allowances and any utilities included in rent), proposed unit features and community amenities, and target population characteristics such as age restrictions and/or special needs populations;
- Demographic analysis of the number of households in the market area that are part of the target market (i.e., family, senior, etc.), income-eligible, and can afford to pay the rent, including a projected household base at placed in service date;
- Geographic definition and analysis of the market area, including description of methodology used to define the market area and map of market area including proposed site;
- Analysis of household sizes and types in the market area, including households by tenure, income, and persons per household;
- A description of comparable developments in the market area, including any rent concessions these developments presently offer;
- A description of rent levels and vacancy rates of comparable properties in the market area, segmented by property type (market rate, Housing Credit, deep subsidy, or HOME) and with rents adjusted to account for utility differences and concessions or other incentives. Such description should include all existing Housing Credit developments in the primary market area and any planned additions to rental stock including recently approved Housing Credit developments;
- Expected market absorption of the proposed rental housing, including capture/ penetration rate analysis of target populations; and
- A description of the effect on the market area, including the impact on Housing Credit and other existing affordable rental housing.

In addition, please insure that the market feasibility report specifically addresses the following:

- Market and affordable housing unit demand currently needed, as well as the anticipated need at the time that the proposed development will be completed.

Should the study or update not provide a definitive conclusion regarding new unit market demand, the housing sponsor will fail the market study threshold;

- Comparable rental housing includes rental units within the targeted market area available at rental terms and conditions substantially similar to those being proposed. The term “developments” may include non-traditional rental units (whether subsidized or not), if such units represent a material percentage of the rental market.
- Affordability analysis that compares proposed LIHTC rents with comparable market rate rents. If the market study or appraisal does not conclude specific comparable market rents, but rather provides a broad range of rents, the Association will establish affordability by using the low end of the range;
- Market composition between homeowners and renters;
- Market and affordable developments in the market area which are under construction and/or in the pipeline to be developed – with anticipated dates of completion and availability to the public;
- Site analysis and opinion, including an analysis of how the site will enhance or detract from development marketability. Analyst must visit the proposed site;
- If there are no local comparable units, the market study or appraisal should utilize comparables from other nearby communities.
- If the proposed development is designed for, and dedicated to, a targeted market segment (i.e., elderly or senior) the market study or appraisal will be required to provide a targeted feasibility analysis.
- Proposed developments that contain commercial space must provide an evaluation in the market study or appraisal which substantiates the commercial demand, vacancy rate(s), and lease rate(s) for comparable commercial space within the market area in which the development is proposed.
- *If HOME or Housing Trust Funds are requested, additional market study and appraisal requirements for these programs may be found in Exhibit M of the HOME Investment Partnerships & Housing Trust Fund Programs Administrative Plan.*

5. Legal description;
6. Location map;
7. Sketch plan of site, typical unit layout, building elevations;
8. Evidence of initial site control (purchase agreement, option);
9. Written confirmation from the municipality zoning authority that the proposed use is within the parameters of existing conforming zoning designations. (see Section 4.9.2)
10. Résumés for development team members; including addresses, telephone numbers and contact persons;
11. Certifications or other documentation required to substantiate eligibility for Selection Criteria Points. (Required format for the Architect Certification for Green Building points may be found in Exhibit C-2, and required information for the HOME Supportive Services Plan may be found in Exhibit L of the HOME Program Administrative Plan);
12. Applicable Association fees;
13. Nonprofit Organizations - Articles of Incorporation and IRS documentation of status;
14. Previous Experience Summaries for the Developer and Management Agent (required formats may be found in Tax Credit/HOME Application Exhibits);
15. Management Agent Questionnaire, Proposed Management Agreement, Comprehensive Management Plan, and Affirmative Marketing Plan. (Required formats for the Affirmative Marketing Plan and the Management Agent Questionnaire may be found in the Tax Credit/HOME Application Exhibits.)
16. Copy of an adopted Affirmatively Furthering Fair Housing Resolution from the local municipality where the proposed development is to be located and a copy of one of the following plans:
  - If the proposed activity is in a CDBG Non-Entitlement area, the local jurisdiction's most recent Fair Housing Assessment Plan as submitted and reviewed by the State of Idaho's CDBG Program (Department of Commerce); or
  - If the proposed activity is located in a CDBG Entitlement Area (cities of Boise, Nampa, Meridian, Lewiston, Coeur d' Alene, Idaho Falls, Caldwell, and Pocatello are defined as CDBG Entitlement Areas in Idaho), the local jurisdiction's most recent "Analysis of Impediments To Affirmatively Further Fair Housing". If the Analysis of Impediments is available online, the applicant is allowed to provide a link to the full document instead of providing a hard copy in the application; or
  - If the local jurisdiction has never received State of Idaho CDBG funds (hasn't completed a Fair Housing Assessment Plan), and the project is not located in a CDBG entitlement area, a Fair Housing Assessment Plan as completed by

the local jurisdiction, that meets the requirements of the State of Idaho's CDBG Program.

17. Acquisition Rehabilitation developments must provide the following additional information:
- a) For developments requesting acquisition credit, a current independent third party MAI appraisal\* that includes both an "as is" restricted market value and an "as is" unrestricted market value (net of appraiser-recommended repairs) of the existing development with land value broken out separately;  
  
\* For clarification purposes, a previously completed appraisal can be used to determine property value, provided: 1) the appraisal report is no more than six months old, and 2) the appraisal addresses the development's ability to sustain occupancy at 93% or greater. An update will be allowed up to six months after the original appraisal date; although in no instance will the Association accept an appraisal beyond 12 months of the original date.
  - b) For developments requesting acquisition credit, documentation that details the dollar amount of any operating and/or replacement reserves that will be transferred with the purchase of the property;
  - c) Complete description of the rehabilitation work proposed for the development and the time frame in which completion of rehabilitation is expected;
  - d) A line item cost estimate detailing acquisition, displacement costs, and proposed rehabilitation. For a building to be considered substantially rehabilitated, rehabilitation expenditures during any 24-month period must equal or exceed an average of \$25,000 in "hard" costs per unit, or must equal a minimum of 20% of the adjusted basis of the building per Section 42 requirements, whichever is greater. Hard rehabilitation costs include site work, rehabilitation costs for physical improvements to the property, and construction contingency. (It should be noted that contractor profit, contractor overhead, general requirements, and soft costs will not be considered in this definition of hard rehabilitation costs.);
  - e) Three years of the most current financial statements for the existing development and a current year-to-date operating statement;
  - f) An architect's certification indicating that the development will, when rehabilitated, provide decent, safe, and sanitary dwellings which meet all applicable local, state, and federal laws including Fair Housing Laws and the American's With Disabilities Act and local building codes;
  - g) A plan for covering the costs and logistics of displacement for all persons impacted by the rehabilitation; and
  - h) If applicable, a letter of acknowledgement and/or commitment from the provider (HUD, USDA RD, etc.) that the current housing subsidy will continue in force, or be extended for a given period of time. The letter needs to include the following:

- Maturity date of contract/subsidy;
  - Rental assistance dollar amount.
- i) Current (no more than 12 months old) Level I Environmental Report conducted by a professional firm approved by the Association;
- j) If the development was built prior to January 1, 1978, a current Lead-Based Paint Risk Assessment conducted by an Environmental Protection Agency (“EPA”) Certified Risk Assessor. Exemptions from this requirement are listed below:
- Housing that will be or was built exclusively for the elderly (62 years or older) or persons with disabilities, unless a child under age 6 is expected to reside there for prolonged periods of time.
  - Zero bedroom dwellings, including efficiency apartments, and single-room occupancy housing.
  - Property that has been found to be free of lead-based paint by a certified inspector (third-party certification required).
  - Property from which all lead-based paint has been removed and clearance has been achieved (third-party certification required).
  - Unoccupied housing that will remain vacant until it is demolished.
  - Non-residential property.
  - Any rehabilitation or housing improvement that does not disturb a painted surface (third party certification required).

EPA and OSHA Lead-Base Paint regulations must be followed whether or not the Association allows an exception in providing a Lead-Based Paint Risk Assessment for an application of tax credits. Additionally, if the project is requesting HUD funding, HUD’s Lead Safe Housing Rules must also be followed.

- k) Current (no more than 12 months old) Physical Needs Assessment conducted by a licensed architect to determine the need for replacement reserves and the remaining useful life of appliances, floor coverings, doors, and all major building components including roof structures, windows, foundations, plumbing, heating, electrical systems, and air conditioning;
- l) CPA or legal opinion letter from a provider with tax credit expertise stating that the ten-year rule requirements have been met or that an IRS waiver is appropriate is required if acquisition tax credits are requested, and the acquired property is not substantially financed, assisted, or operated under Section 8 of the United States Housing Act of 1937, Section 221(d)(3), 221(d)(4), or 236 of the National Housing Act, Section 515 of the Housing Act of 1949, any housing program administered by HUD or the Rural Housing Service of the Department of Agriculture, or any other similar state housing programs.

Applications for additional tax credit do not require Items 2-17 if originally submitted information is still current, but must provide the following information:

If increased development costs are the result of hard construction cost increases and a contractor contract has already been executed, the Association will require that the following items accompany the application for additional credit:

- Copies of any change orders associated with the increased costs; and
- Comprehensive explanation and justification by the Sponsor for the need to amend the original construction contract.

For tax-exempt bond developments only, the Conditional Commitment will be conditioned upon the delivery of the following items once construction starts:

- a) Copy of the recorded deed to the development site to be used as evidence that sponsor has purchased the property and ownership is vested in the name of the entity requesting the Allocation;
- b) If an identity of interest exists between the Sponsor and the Seller of the property, a copy of a fair market appraisal by a licensed appraiser conducted within the last 12 months;
- c) Copy of IRS Confirmation of Tax Identification Number for the partnership;
- d) Evidence of permissive zoning;
- e) Copy of executed Architect Contract;
- f) Copy of executed Development Agreement specifying the developer fee and method of payment;
- g) If applicable, copy of executed contract or agreement for consultant services which sets out services provided as well as fee structure;
- h) Copy of executed Construction Contract;
- i) Original Preliminary Architect's Certification that states the development's design meets all Association requirements and all local, state and federal laws including Fair Housing Laws. Said certification shall be in the format attached as Exhibit C-1; and
- j) A copy of the firm financing commitment for construction financing.

**B. Request for Tax Credit Carryover Allocation Shall Include:**

1. Owner's Certificate and Agreement;
2. Updated Tax Credit Application, including Sponsor Certification (Pages 1-21 and Exhibit G of the application);
3. Updated documentation substantiating utility allowance calculations.
4. Certification of investment in development to-date together with a Certified Public Accountant certification that the 10% test has been met. Said certification shall be in the format attached as Exhibit F;

5. Copy of recorded deed to the development site to be used as evidence that sponsor has purchased the property and ownership is vested in the name of the entity requesting the Carryover Allocation;
6. If an identity of interest exists between the Sponsor and the Seller of the property, a copy of a fair market appraisal by a licensed appraiser conducted within the last 12 months;
7. Copy of IRS Confirmation of Tax Identification Number for the partnership;
8. Applicable fees;
9. Copy of the Limited Partnership Agreement or LLC Operating Agreement, as amended; and
10. Low-Income Housing Tax Credit Regulatory Agreement (re: extended use commitment and, if applicable, regulations covering set-aside units for lowest income tenants); must be signed by sponsor.

The Tax Credit Carryover Allocation will be conditioned upon the delivery of the following items once construction starts:

- a) Evidence of permissive zoning;
- b) Copy of executed Architect Contract;
- c) Copy of executed Development Agreement specifying the developer fee and method of payment;
- d) If applicable, copy of executed contract or agreement for consultant services which sets out services provided as well as fee structure;
- e) Copy of executed Construction Contract;
- f) Original Preliminary Architect's Certification that states the development's design meets all Association requirements and all local, state and federal laws including Fair Housing Laws. Said certification shall be in the format attached as Exhibit C-1; and
- g) A copy of the construction financing promissory note.

1 year Extension: In the instance a 1 year extension (from the date of allocation) to complete the 10% test has been given (See Section 4.14), items 1, 2, 3, 7, and 8 will be required on or before November 15<sup>th</sup> of the same year the reservation was issued, and items 4, 5, 6 (if applicable), 9, and 10 will be due no later than 1 year after the date of the Carryover Allocation. In completing the Owner's Certificate and Agreement for Carryover Allocation and the accompanying "Exhibit B", the Owner must estimate accumulated basis to date. Also be advised that the Owner must maintain site control in their name (as evidenced by a land purchase agreement) for a period of time not less than the expiration of the extension.



**C. Application for Tax Credit Certification (Placed-in-Service Developments) Shall Include:**

1. Updated tax credit application, including Sponsor Certification (page 1-21 and Exhibit G of the application);
2. Updated documentation substantiating utility allowance calculations;
3. Certificate(s) of Occupancy, or written placed in service date election by Sponsor (within a 24-month period) for rehabilitation developments;
4. Applicable fees;
5. Original recorded Low-Income Housing Tax Credit Regulatory Agreement;
6. Final permanent loan closing documents, in particular a copy of the Note, recorded Deed of Trust, and Owner's Title Policy;
7. Original Cost Certification by Certified Public Accountant in accordance with the Allocation Plan (See Exhibit G for format);
8. Original "As Built" Certification from Architect that the development is built in accordance with all applicable local, state and federal laws, including, but not limited to the Fair Housing laws as they pertain to handicapped accessibility and adaptability and those requirements of the Association set forth in this Allocation Plan (See Exhibit D-1 for format.);
9. If applicable, original "As-Built" Certification for Green Building from a licensed Architect. (See Exhibit D-2 for required format.). Attach LEED, NW Energy Star, ICC 700 National Green Building Standard, Enterprise Green Communities, Indoor Air Plus, Passive House Institute US (PHIUS), Passive House Institute (PHI), or HERS certifications, if applicable;
10. Copy of all organizational documents, including the Limited Partnership Agreement, as amended, or LLC Operating Agreement;
11. Current Rent Roll; and
12. If applicable, evidence of receipt of grant funds.