

**LOW-INCOME HOUSING TAX CREDIT PROGRAM  
QUALIFIED ALLOCATION PLAN  
FOR THE  
STATE OF IDAHO**

**ALLOCATING AGENCY:  
Idaho Housing and Finance Association**

**Final Approval by:  
Idaho Housing and Finance Association  
Board of Commissioners  
March 19, 2021**

**And**

**The Honorable Brad Little, Governor, State of Idaho  
March 26, 2021**

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## **SECTION 1 – INTRODUCTION**

### **1.1 Designation of Association**

The Low-Income Housing Tax Credit (“LIHTC”) Program was created under the provisions of the Tax Reform Act of 1986 to encourage the development of rental housing for low-income households. Idaho Housing and Finance Association, as the Allocating Agency, (hereinafter referred to as the “Association”) by Executive Order from the Governor, is the designated administrator of the tax credit with the responsibility of allocating the state's annual credit ceiling in accordance with an approved, Qualified Allocation Plan “QAP”. Section 42 of the Internal Revenue Code, as amended, specifies the requirements of a qualified plan. For developments financed by tax-exempt bonds where the development owner seeks tax credits, a separate set of requirements is provided in Section 11.

### **1.2 Revision of Existing Qualified Allocation Plan**

This revised plan was approved by the Association's Board of Commissioners on March 19, 2021, and subsequently by the Honorable Brad Little, Governor, on March 26, 2021, following a public hearing in Boise, Idaho, on February 10, 2021 after appropriate notice as required by law. This revised Plan is to be effective upon completion of the plan amendment process in Section 15.1.

### **1.3 Interpretation**

The headings of the sections contained in this plan are for convenience only and do not define or limit the provisions hereof. Words of any gender shall be deemed and construed to include correlative words of the other genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate.

### **1.4 Fair Housing**

Fair Housing is the right of all people to be free from discrimination in the rental, sale, or financing of housing. The Fair Housing Act requires that government agencies and the programs and activities they fund be operated in a manner that affirmatively furthers fair housing.

To that end, the Association requires that all tax credit developments awarded tax credit under this QAP, be located in a local jurisdiction that has adopted an “Affirmatively Furthering Fair Housing Resolution” and has implemented a fair housing action plan. Submission of a copy of the resolution and one of the following plans is required with all applications requesting tax credits:

- 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.

Detailed information regarding federal fair housing regulations, the Association's outreach and education efforts, and the 2017 Idaho Assessment of Fair Housing may be found on the Association's website at [www.idahohousing.com](http://www.idahohousing.com). The purpose of the Assessment of Fair Housing is to identify and analyze available data in order to recommend best practices within the context of current law and perceived or potential impediments to fair housing. This study evaluates perceived barriers and community resources and/or services in Idaho and serves as the basis for fair housing planning.

Additional information on Fair Housing in Idaho may be found on the Internet at [www.fairhousingforum.org](http://www.fairhousingforum.org).

## **SECTION 2 - PLAN OVERVIEW**

### **2.1 Application Rounds**

Idaho's Qualified Allocation Plan establishes a competitive process whereby low-income housing tax credits may be awarded to developments that address low-income housing priorities throughout the state. The state's annual tax credit ceiling consisting of per capita credit, any amounts carried forward or returned to the Association from a prior year, and National Pool credit will be available in one Application Round. The Application Deadline is listed in Section 3.1.

This plan may be applied to one or more scheduled application rounds commencing with the effective date and continuing until a new Plan becomes effective.

### **2.2 Application Process**

During the Application Process, sponsors competing for tax credit reservations must supply documentation in accordance with specific application requirements, and tax credit reservation recipients must qualify for and make application for tax credit allocation certifications or carryover allocations in accordance with the Association's requirements and timetables. Refer to Section 4 for additional requirements.

### **2.3 Housing Priorities**

The Qualified Allocation Plan utilizes Special Needs Set-Asides and a Selection Criteria Point System to target specific low-income housing priorities pertinent to Idaho as designated by Idaho's housing needs assessment and to comply with the selection criteria and preference categories mandated by the amended federal program regulations. Applications will be ranked under the point system with tax credit reservations being granted to those developments receiving the highest number of points.

The Association, at its sole discretion, may consider awarding credit to a lower scoring development if a higher scoring development request exceeds the amount of remaining credit in the application round by more than \$200,000.

Developments will be disqualified if they do not meet the minimum scoring threshold, fail to provide evidence of readiness to proceed, management capacity and affordability for low-income households, or are deemed by the Association, at its sole discretion, to be economically infeasible or located in a market area which does not have affordable renter demand for the proposed development.

### **2.4 Development Evaluation**

Pursuant to §42 of the Internal Revenue Code, as amended, credits reserved for a development may not exceed the amount necessary for the financial feasibility of the development and its viability throughout the credit period. As mandated by Congress, a Development Evaluation will be made for each application received by the Association, and further evaluations will be conducted for award recipients as they move through the allocation process.

### **2.5 Administrative Fees**

The Association will collect a non-refundable \$1,000 Administrative Fee at the time the Tax Credit Reservation is accepted. This fee is in addition to the 3% Reservation fee. These dollars are intended to off-set the additional external costs (third-party professional



consultant fees and/or legal costs) associated with the growing need for more complex regulatory interpretations.

## **2.6 Cost Certification**

Final allocation of credit shall be conditioned upon receipt of an independent third-party Certified Public Accountant's Cost Certification. The required Cost Certification format is provided in Exhibit G.

## **2.7 Architectural Requirements**

All developments receiving Low-Income Housing Tax Credit Allocations shall be constructed in accordance with the Association's minimum Architectural Requirements as well as all applicable local, state, and federal laws. Federal law includes the Fair Housing Act Amendments of 1988 which provide specific guidelines for multifamily dwellings in regard to minimum handicapped accessibility and adaptability. Sponsors shall obtain a certification from their architect indicating that the development meets said local, state, and federal laws as well as the minimum requirements set forth in this Plan. Additionally, an Architect Certification confirming that the development has been built in accordance with the drawings must be submitted to the Association with the Owner's application for a Placed-in-Service Tax Credit Allocation Certification. Certification formats are provided in Exhibits C-1 and D-1. The Association assumes no responsibility to inspect developments for compliance with said laws.

## **2.8 Site Visits**

Association staff and their consulting architect have the right to visit developments during the construction period and development sponsors shall grant access to the development upon 24-hour notification.

## **2.9 Allocation Limitations**

Allocation Limitations have been provided to promote effective utilization of the tax credit resource.

## **2.10 Compliance Monitoring**

In accordance with federal regulations, all developments receiving tax credit allocations beginning in 1987 are subject to Compliance Monitoring that will be conducted by the Association. Noncompliance will be reported to the Internal Revenue Service as required by §42 of the Internal Revenue Code.

## **SECTION 3 - APPLICATION ROUNDS**

### **3.1 Application Round Closing Date**

Sponsors must submit a complete Application for Low-Income Housing Tax Credit reservation during the following specified application round.

Unless notified otherwise, 2022 Tax Credit will be allocated through a single funding round scheduled for August 6, 2021. Complete applications must be submitted electronically using ProCorem no later than midnight MST on the deadline date. Any changes to this date will require at least 90 days prior notice.

*NOTE: If HOME funds or Housing Trust Funds ("HTF") are requested, a pre-development meeting with the Association's HOME Program Department is recommended.*

### **3.2 Availability of State Tax Credit Ceiling**

The state's credit ceiling is based on a particular calendar year and consists of unused carryforward from the previous calendar year, per capita credit, returned credit, and credit received from the National Pool. Stacking order and returned credit requirements found in §42 of the Internal Revenue Code will be followed in determining the availability and the award of the credit. This credit ceiling is made available during the scheduled application round(s) each year.

#### **3.2.1 Per Capita Credit**

Exhibit A contains a Tax Credit Distribution Summary providing information about the credit available during each Application Round.

#### **3.2.2 Returned Credit and Carryforward Credit**

The Association may reallocate returned credit or may carry forward credit in accordance with §42 of the Code.

- a) All credit carried forward from the previous year or returned to the Association before October 1 of the current year will be available during the first available application round.
- b) To prevent loss of credit or prohibition of participation in the National Pool, the Association, at its sole discretion and without a competitive round or prior notification, may (1) select a development(s) which meets threshold requirements and whose sponsor is prepared and able to meet all carryover requirements and/or (2) assign credit to developments with current year credit which have demonstrated acceptable, increased costs at the time of carryover in the following situations:
  - (1) Current year credit previously reserved or committed is returned after October 1st, or
  - (2) Current year credit remains unreserved after October 1st.
- (c) Credit received after October 1st which, in accordance with §42 regulations may be carried forward, or may, at the Association's sole discretion, be allocated to developments which have received current year reservations which are lower than the amount required by the development as determined

by the gap analysis or eligibility defined in the Development Evaluation section hereof. Such allocations will be made only to the extent that development feasibility is jeopardized by increased costs acceptable to the Association.

### **3.2.3 National Pool Credit**

Unused tax credit for all states is assigned to the National Pool for allocation among qualified states. States that qualify to receive National Pool are those states that successfully allocate their entire credit ceiling in the preceding year. National Pool Credit is awarded late in the allocation year.

In order to effectively allocate National Pool Credit to qualified developments under the time constraints attached to said credit, the Association at its sole discretion and without a competitive round or prior notification, may (1) select a new development(s) which meets threshold requirements and whose sponsor is prepared and able to meet all carryover requirements and/or (2) assign credit to developments with current year credit which have demonstrated acceptable, increased costs at the time of carryover.

If requested, a 1-year (from the date of allocation) extension to complete the "10% Test" for Carryover Allocation is available to National Pool Credit recipients.

### **3.2.4 Waitlist**

The Association will establish a short-lived waitlist following the conclusion of the application round for applicants that met all thresholds but were not awarded due to limited Association funds. If additional tax credits become available during the six (6) months following the conclusion of the application round, the Association, at its sole discretion and without a competitive round or prior notification, may select a development(s) from the waitlist that meets threshold requirements and whose sponsor is prepared and able to meet all allocation requirements.

If additional tax credits do become available during the six (6) months proceeding the application deadline but no Waitlist project can be funded in total in accordance with QAP development ranking (see Section 4.10), then the unused tax credits will be combined with the available tax credits for the next funding round, and the waitlist shall expire.

## **3.3 Public Notice**

The Association will advertise statewide, via legal notice, the dollar amount of available tax credits prior to each competitive application round, indicating the types and amounts of set-asides, but is not required to provide any further notice to any party or participant.

## **SECTION 4 - APPLICATION PROCESS**

### **4.1 Cumulative Tax Credit Limit per Application Round**

As determined by the Allocating Agency in its sole discretion, in a single application round, no individual development shall be reserved competitive tax credits in excess of \$1,000,000, and no individual developer or sponsor shall have any percentage of interest in more than two (2) applications.

“Sponsor” is defined as the owner of the development, and includes any individual or legal entity with an ownership interest in the proposed development.

“Developer” is an individual or legal entity involved with the acquisition of land, construction of a new multifamily affordable housing project, or purchasing an existing project with the intent of rehabilitating the project, in which LIHTCs are requested.

### **4.2 Application Requirements**

Complete applications must be submitted to the Association at each stage of the allocation process:

Stage 1. Reservation or Conditional Commitment,

Stage 2. Carryover Allocation or Tax Exempt Bond Closing, and

Stage 3. Allocation Certification (Placed-in-Service).

Complete applications shall include the requisite supporting data listed in Exhibit B and any information required in the application form. The Association may, at its sole discretion, request additional information as deemed necessary for a fair and accurate evaluation.

Material changes to the application will not be accepted after the application round deadline.

After the issuance of a tax credit reservation, applications that are submitted for processing for a carryover allocation, and later for an allocation certification will be evaluated under this Qualified Allocation Plan. This will include an evaluation of all thresholds, i.e., market study, readiness, economic feasibility, management capacity, affordability and selection criteria points. Furthermore, the aggregate Selection Criteria Points established by the Association at the time of the initial tax credit reservation must be maintained throughout each evaluation stage of the allocation process.

The Sponsor is not allowed to materially change the original application that was submitted prior to the application round deadline, or at any other time, which is to include the carryover allocation stage and allocation certification stage, with the one exception stated as follows:

If circumstances beyond the control of the housing sponsor have an effect of reducing the selection criteria points scored on the application, the Association may allow the loss of points provided the housing sponsor maintains its original award ranking established by the Association at the time of tax credit reservation.

### **4.3 Sponsor’s Responsibility to Submit Complete Application**

The Sponsor shall bear full responsibility for submitting its application in accordance with the requirements of the Code and the Plan and shall be deemed to have full knowledge of such requirements regardless of whether or not a member of the Association's staff responds to a request for assistance from the sponsor or otherwise provides a sponsor

assistance with respect to all or a portion of the sponsor's application. (Applications must include the executed 'Sponsor's Certification' form, which is included as part of the application form.)

#### **4.3.1 Development Team**

Sponsors must clearly identify all members of the development team, providing resumés as specified in the application. The experience of the development team is a major factor in development selection. The Association may reject applications if the development team does not demonstrate experience in affordable multifamily housing development or require that the sponsor secure assistance from experienced developers. Changes in general partner(s), management company, developer and/or housing sponsor must be approved in writing by the Association through the reservation and carryover periods (or through the conditional commitment period for tax exempt bond developments).

#### **4.4 Association's Staff Assistance**

The Association's staff may, in good faith, attempt to respond to questions and offer assistance to the sponsor during the application process, but shall be in no way obligated to, at any time, inform any sponsor as to deficiencies in the sponsor's application.

#### **4.5 Incomplete Applications**

Incomplete applications will not be accepted.

#### **4.6 Application Fees**

Sponsors must submit required fees as set forth in Exhibit K at each stage of the application process.

#### **4.7 Requirements for Developments Previously Relinquishing Credit**

Sponsors reapplying for credit for developments which have previously received tax credit reservations or allocations and have been removed from the application process or have failed to be placed-in-service because of site control, zoning or financing issues must submit, with their reservation application, evidence (acceptable to the Association) substantiating that such issues have been resolved.

#### **4.8 Additional Tax Credit Requests**

Sponsors may apply for additional tax credit if, in the opinion of the Association, there are reasonably documented increases in their development costs that are directly related to Eligible Basis. Requests for additional credit must be submitted during the application rounds mentioned in Section 3.1. These developments will be awarded based on a competitive process only. All application thresholds mentioned in Section 4.9, including the Market Study Threshold, must be met with these requests.

In awarding additional tax credit, the Association will hold developer fees to the same amount as reflected on the original application.

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

- Copies of any change orders associated with the increased costs.

- Comprehensive explanation and justification by the Sponsor for the need to amend the original construction contract.

If factors beyond the Sponsor's control results in an immediate need for additional credit, relief provisions mentioned under Section 15.3 allow a onetime consideration to protect the development from harm resulting from funding cycle delays.

## **4.9 Application Thresholds**

Applications must meet market study, readiness, economic feasibility, green building, management capacity, affordability, and point thresholds to be ranked under the Selection Criteria System.

### **4.9.1 Market Study Threshold**

Applications submitted for developments in locations where marketability is, at the sole discretion of the Association, deemed questionable will fail the Market Study Threshold. Sponsors must submit a current (no more than six months old) market study for review by the Association. For acquisition/rehabilitation developments, a previously completed MAI appraisal can be used to establish market feasibility for acquisition/rehabilitation developments provided; 1) the appraisal report is less 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, although in no instance will the Association accept a market study/appraisal beyond 12 months from the original date. Sponsors are required to obtain their market study from a provider who is listed on the Association's approved market study provider's list. If an appraisal is used to meet the Market Study Threshold, it must be conducted by an appraiser who has a MAI designation. The Association may also draw from other resources in making a determination of marketability. Market Study requirements are listed under the application requirement found in Exhibit B. If the sponsor has a concern regarding the conclusion or specific content within the study, then they will be afforded the opportunity to submit their comments to the Association.

### **4.9.2 Readiness Threshold**

To meet the Readiness Threshold, submitted applications must provide evidence of site control and zoning.

Site control by Sponsor must be evidenced by an earnest money agreement or other legal document that demonstrates site control. Sponsor is the owner of the development, and includes a managing individual or entity of the owner.

Written confirmation from the municipality zoning authority that the proposed use is within the parameters of existing conforming zoning designations is required. If any land use entitlement action is required for zoning approval, application for this approval is not required until after a tax credit reservation has been received. In these instances, the reservation of tax credit will be contingent upon the receipt of land use entitlement approval. If the approval is not received, the development will fail to meet the Readiness Threshold and the existing tax credit reservation will be null and void.

*NOTE: Developments requiring zone changes or annexation do not meet readiness criteria.*

#### 4.9.3 Economic Feasibility Threshold

Applications received during each Application Round will be reviewed and evaluated in accordance with accepted underwriting practices as disclosed in Exhibit E. Developments deemed economically infeasible by the Association, at its sole discretion, will be declined.

#### 4.9.4 Green Building Threshold

To meet the Green Building Threshold, the proposed development design must incorporate one of the following “green building” certifiable program standards into their design or incorporate a combination of individual green building components into their design whose total value is eight (8) points or more.

A licensed architect’s “preliminary” certification that lists the standards or items to be incorporated must accompany the application (See Exhibit C-2 for required format). At the time that the development is placed in service, an “as built” certification by a licensed architect that lists the incorporated standards or items will be required along with official program certification, if applicable. (See Exhibit D-2 for required format.)

NOTE: The intent is that all code and standards cited are the most current versions.

##### Green Building Certifiable Programs

LEED for Homes  
NW Energy Star  
ICC 700 National Green Building Standard  
Enterprise Green Communities  
Indoor Air Plus  
Passive House Institute US (PHIUS) or Passive House Institute (PHI)

OR...

##### Individual Green Building Components

Must meet a minimum of 8 points.

(Select any combination of the following items)

	<u>Points</u>
<input type="checkbox"/> Ceiling fans in living room and bedrooms in all residential units .....	1
<input type="checkbox"/> "No added urea-formaldehyde" cabinets.....	1
<input type="checkbox"/> Occupancy sensor lighting in interior community areas .....	1
<input type="checkbox"/> 100% of the total lighting to be high efficiency bulbs/lamps (CFL, LED) ...	1
<input type="checkbox"/> Continuous Ventilation (high efficiency bathroom fans with timer or humidistat, or an energy recovery ventilator “ERV” .....	1
<input type="checkbox"/> Green label certified low-emission carpet/pad/adhesive .....	1
<input type="checkbox"/> SCS FloorScore certified hard surface flooring .....	1
<input type="checkbox"/> Energy Star certified water heaters.....	1
<input type="checkbox"/> Xeriscape landscaping and high efficiency irrigation.....	1

<input type="checkbox"/> Metal or long lasting roofing (30 year warranty – minimum).....	1
<input type="checkbox"/> High Efficiency HVAC equipment (must exceed minimum building code requirements) .....	2
<input type="checkbox"/> Water saving shower heads, toilets, faucets .....	2
Bathroom faucets: $\leq$ 1.0 gpm	
Kitchen faucets: $\leq$ 1.5 gpm	
Toilets: $\leq$ 1.3 gpf or dual-flush toilets	
Shower heads: $\leq$ 1.75 gpm	
<input type="checkbox"/> U-0.30 or lower rated windows (total assembly) .....	2
<input type="checkbox"/> Rigid foam insulation under exterior siding which provides a 20% increase over minimum building code requirements .....	2
<input type="checkbox"/> R-49 Value Insulation or insulation that is 5% above minimum building code requirements in attic .....	2
<input type="checkbox"/> Structural Insulated Panel (“SIP”) roof construction with 50 R-Value .....	2
<input type="checkbox"/> Structural Insulated Panel (“SIP”) wall construction with minimum 25 R-Value .....	2
<input type="checkbox"/> HOME Energy Rating System (“HERS”) Score which is 100 or less for rehabilitation developments, or 70 or less for new construction developments .....	5

.....HERS Score to be determined by qualified provider once the development is placed in service.

#### 4.9.5 Management Capacity Threshold

The Association requires that developments receiving Low-Income Housing Tax Credit be managed by a property management agent with previous experience in Section 42 tax credit housing and to have a management plan satisfying the requirements of Section 14.4 hereof. A determination of management capacity will be made at the sole discretion of the Association; this determination will be based in part on having a satisfactory history in the state as well as outside the state.

Unresolved Form 8823s or material noncompliance with the provisions found in the Low-Income Housing Tax Credit and/or HOME Regulatory Agreements in previous developments which are owned or managed by the Sponsor or the Sponsor’s management agent may result in the failure of a proposed development to meet the Management Capacity Threshold. In making this determination, the Association will consider circumstances which are beyond the Sponsor’s control, such as accidents or acts of nature, or recent acquisitions of distressed properties.

Any change in the property management agent subsequent to reservation and throughout the extended use period must be approved in writing by the Association. Failure to secure such approval may result in forfeiture of the tax credit.

#### 4.9.6 Selection Criteria Point Threshold

Applications must achieve a minimum 60 points or the application will be declined.



#### **4.9.7 Affordability Threshold**

The maximum tax credit rents, less an allowance for tenant-paid utilities, must be less than the market rents for comparable units in the area where the development is to be located. If this test of affordability cannot be met, the housing sponsor would need to reconfigure the development with affordable rents and Area Median Income ("AMI") targeting based on the next lowest established AMI category.

The Association relies on [Novogradac's Rent and Income Limit Calculator](#) to determine tax credit rents and income limits in any given area in the state. A hotlink to this calculator is provided on the Association's website at [www.idahohousing.com](http://www.idahohousing.com) under Project & Business Financing/Multifamily Financing/Low Income Housing Tax Credits (LIHTC).

Refer to the market study requirements mentioned in Exhibit B

- Should the market study address only a range of market rents, the affordability threshold will be calculated based on the minimum of the range.

#### **Acquisition/Rehabilitation:**

Applications submitted to the Association that pertain to the acquisition and rehabilitation of an existing affordable housing development that has an existing Project Based Assistance (PBA) contract in place, will not have to meet the Affordability Threshold as described in the Qualified Allocation Plan. All other thresholds and requirements within the Qualified Allocation Plan must be met as disclosed. The Sponsor will provide 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

The development must retain and have in place the continuance of the existing PBA contract on the development to qualify for tax credits and will be required to maintain the development at a rent level that will be the lesser of: Fair Market Rent (FMR) or rent levels at 60% AMI should the PBA contract expire.

The housing sponsor is subject to meeting the requirements as disclosed under Section 42(g)(2)(B)(i) and Section 42(g)(2)(E).

#### **4.10 Development Ranking**

In the ranking process, developments receiving the highest number of points and meeting threshold requirements will be selected to receive tax credit reservations.

Applications that fail to meet the Selection Criteria point threshold or fail to demonstrate readiness, economic feasibility, management capacity, market demand, green building or affordability will be declined. Such sponsors may reapply in subsequent application rounds.

The Association, at its sole discretion, may consider awarding credit to a lower scoring development if a higher scoring development request exceeds the amount of remaining credit in the application round by more than \$200,000.

#### **4.10.1 Tie-Breaker Criteria**

If there is limited tax credit available and two or more developments have met all QAP thresholds and have identical point scores, the development(s) which are located in a county that hasn't received more than two tax credit awards in the preceding two allocation rounds will be given priority followed by developments with the lowest Area Median Income ("AMI") average of the rent restricted units (rounded to two decimals).

In the event that there are equally competing developments in a tie-breaker situation, the final selection will be determined at the sole discretion of the Association.

Please note that if circumstances beyond the control of the housing sponsor result in a future request for additional tax credit under the development relief provisions found in Section 15.3, the Association will award the additional credit only if the housing sponsor maintains their award ranking established by the Association at the time of the initial tax credit reservation.

#### **4.11 Award Notification and Reservations**

The Association will issue, to the extent possible, preliminary award notifications for tax credits within 90 days of the application deadline, or such longer time period established by the Association. Final award notification will be issued after the appeal deadlines mentioned in Section 7.5 have expired.

If the Association receives an appeal request(s) during the 10-business day period mentioned in Section 7.5, all sponsors/applicants will be notified and will receive final award notifications after the Association's President/Executive Director has concluded the appeal process. Reservation agreements will be issued shortly after the final award notifications are provided. Sponsors must accept the reservations within 10 business days of the date of issuance.

##### **4.11.1 Partial Reservations**

No partial reservations will be made.

##### **4.11.2 Succeeding Year Credit Utilization**

In an application round where a development may need a nominal amount of credit in order to fully fund the tax credit request, the Association, at its sole discretion, may approve a limited amount of forward allocated credit not to exceed \$200,000.

#### **4.12 Posting of Assurance**

If the Developer of a proposed development has not previously completed a Low-Income Housing Tax Credit development, or if the developer's experience is limited to developments which have been completed with assistance from consultants or co-developers, the developer will be required to post a cash deposit, letter of credit or performance bond in a form acceptable to the Association as follows:

- The greater of 10% of the annual tax credit reserved or \$10,000 posted at the time the tax credit reservation is accepted. If additional credit is subsequently awarded, the amount of the bond will be raised accordingly.

- Once all of the buildings in the development have received Certificates of Occupancy, the posting of the assurance instrument may be cancelled upon the prior written approval from the Association.

If construction of the development is not completed (as evidenced by the issuance of Certificates of Occupancy) within the regulatory time frame set forth in tax credit regulation (i.e., no later than the end of the second calendar year following the year the carryover allocation is made), the Developer must agree to return the credit to the Association and forfeit the bond. The Association will reduce the amount of the bond by any fees the sponsor has paid in connection with the credit award. For sample formats of Bonds (TC-12) or Letters of Credit (TC-12A), please contact the Project Finance Department.

#### **4.12.1 Previous Experience Certification**

The Sponsor must provide a previous experience summary that clearly identifies all previous experience and affiliations with consultants and co-developers.

#### **4.12.2 Waiver or Modification of Requirement**

The Association, in its sole discretion, reserves the right to waive or modify the performance bond requirement in situations where the requirement does not further the goals of the Low-Income Housing Tax Credit program.

### **4.13 Notice to Local Officials**

Upon granting a reservation, the Association will notify the mayor or the county commissioners of the plans for the development in their locale.

#### **4.13.1 Community Notification**

The Association intends to notify local public officials, and/or public housing agencies, of proposed housing developments submitted by housing sponsors that are within their market area for tax credits under the Association's Tax Credit Qualified Allocation Plan. The notification will include a brief profile of the development and will permit their input, support and/or comments as it pertains to the housing development.

### **4.14 Deadline for Carryover Allocation Certification**

On or before November 15 of each year, Tax Credit Reservation recipients must submit an Owner's Certificate and Agreement for Carryover Allocation along with the Carryover documentation items mentioned in Exhibit B.

The Owner's Certificate and Agreement for Carryover must be accompanied by an Accountant Certification of basis for purposes of the "10% Test," substantially in the format of the Certification provided in Exhibit F, unless the recipient requests in writing a 1 year (from the date of allocation) extension to complete the "10% Test". The Association reserves the right to review said certifications for reasonableness and may refuse to accept certifications based on that review. If the Association has received complete Owner's documentation, a carryover allocation will be issued no later than December 31st of each year.

Sponsors failing to apply for Carryover Allocation within 10 business days of the requirements mentioned above may be charged a \$2,500 penalty, unless an extension of the deadline for a nominal period of time has been granted by the Association.

#### **4.15 Placed-In-Service (Allocation Certification) Application**

Developments must submit an Application for Tax Credit Allocation Certification (Form 8609) within 120 days after the permanent financing has closed. If permanent financing has closed before the construction or rehabilitation of the Development is complete, the Development must submit an application for Tax Credit Allocation Certification (Form 8609s) within 120 days following receipt of Certificate(s) of Occupancy, or in the case of rehabilitation, Certificates of Substantial Completion signed by the development's architect. Documentation requirements for Tax Credit Allocation Certification are set forth in Exhibit B. Sponsors that fail to apply for Allocation Certification by the deadlines specified above may be subject to a \$5,000 penalty and be prohibited from participation in the subsequent application round, unless an extension of the deadline for a nominal period of time has been granted by the Association. The Association will make its best effort to issue 8609s within 30 days of application provided the application is complete upon submission.

#### **4.16 Memorandum of Understanding with Rural Development**

In accordance with its Memorandum of Understanding, the Association and Rural Development will share information submitted for developments utilizing Low-Income Housing Tax Credits and Rural Development funding.

#### **4.17 Requirements for Acquisition/Rehabilitation Developments**

Sponsors must provide evidence that the cost of acquisition, displacement, and rehabilitation are reasonable.

##### **4.17.1 Acquisition Costs**

In determining the amount of eligible tax credit, acquisition costs will be limited to the lesser of the sale price mentioned in the purchase agreement or the current "as is" appraised value of the property's improvements, determined by an MAI appraisal, that includes both an "as is" restricted market value and an "as is" unrestricted market value (net of appraiser recommended repairs), of existing development with land value broken out separately.

For clarification purposes, a previously completed MAI appraisal can be used to determine the current appraised value of the property, provided; 1) the appraisal report is less than six months old, and 2) the appraisal comprehensively addresses the requirements listed above. An update will be allowed up to six months after the date of the original appraisal; although in no instance will the Association accept an appraisal beyond 12 months of the original date.

In sizing the amount of acquisition tax credit awarded, the Association will use the following criteria for existing rental properties:

- 1) If the property's present use is not deed restricted for low-income rental housing, acquisition costs will be limited to the lesser of the sale price or the "as is" unrestricted market value as determined by the MAI appraisal; OR
- 2) If the property's present use is deed restricted for low-income rental housing, acquisition costs will be limited to the lesser of the sales price or the "as is" restricted market value as determined by the MAI appraisal.

#### **4.17.2 Rehabilitation Costs**

For a building to be considered substantially rehabilitated, rehabilitation costs during any 24-month period must equal or exceed an average of \$35,000 in “Hard” rehabilitation costs per unit for developments awarded competitive (9%) tax credit, or \$25,000 in “Hard” rehabilitation costs per unit for tax exempt bond financed developments.

The “Hard” rehabilitation cost requirements are in addition to the minimum qualified basis per low income unit or the 20% of the property’s adjusted basis requirements which are contained in IRC §42(e)(3)(A)(ii).

“Hard” rehabilitation costs include site work, rehabilitation costs for physical improvements to the property, and construction contingency. (Contractor profit, contractor overhead, general requirements, architect and engineering fees, permit fees, financing or soft costs, or developer fees will not be included in this definition of hard rehabilitation costs.)

Specific documentation requirements for rehabilitation developments are set forth in Exhibit B.

## **SECTION 5 - SPECIAL NEEDS SET-ASIDES AND 30% ELIGIBLE BASIS INCREASE**

The Association has established set-asides for developments that target low-income housing needs or which have certain designated characteristics. Refer to Exhibit A: Tax Credit Distribution Summary for more information regarding the availability of these set-asides.

### **5.1 Federally Mandated 10% Nonprofit Set-Aside**

Federal program regulations require a minimum 10% of the State's housing credit ceiling for any calendar year set-aside for awards to developments involving qualified nonprofit organizations. Developments qualify for this set-aside if a qualified nonprofit organization owns an interest in such developments (directly or through a partnership) and materially participates (within the meaning of Section 469(h)\* of the Internal Revenue Code ("IRC")) in the development and operation of the development throughout the 15-year compliance period. Additionally, the qualified nonprofit organization must meet the following federal requirements:

- a) such organization is described in paragraph (3) or (4) of Section 501(c) of the IRC and is exempt from tax under Section 501(a) of the IRC;
- b) such organization must be determined by the State housing credit agency not to be affiliated or controlled by a for-profit organization; and
- c) one of the exempt purposes of such organization includes the fostering of low-income housing.

\*Section 469(h) of the IRC states that a taxpayer shall be treated as materially participating in an activity only if the taxpayer is involved in the operations of the activity on a basis which is regular, continuous, and substantial.

In addition to the federal requirements listed above, the Association requires that prior to the closing of the equity financing, a Right of First Refusal ("ROFR") shall be negotiated with the tax credit investor for the benefit of a "qualified nonprofit organization" as defined in IRC Section 42(h)(5)(C), as the holder of such ROFR and to be effective after the end of the 15-year tax credit compliance period. The ROFR shall be consistent with IRC Section 42(i)(7).

#### **5.1.1 Competition in Non-Targeted Category**

Nonprofit organizations may also compete for non-targeted tax credits.

#### **5.1.2 Safe Harbor Guidelines**

In order to meet the safe harbor guidelines prescribed by the Internal Revenue Service, all developments receiving nonprofit set-aside credit must designate at least 75% of the residential units as affordable to persons at or below 60% of the area median income.

### **5.2 Special Housing Need Set-Aside**

Upon determination of a special housing need within the state, the Association in its sole discretion, may set aside up to 15% of the annual per capita tax credit amount to address this housing need, and announce specific guidelines which may apply to application for these funds. Additional guidance will be provided by the Association in the Request for Proposal ("RFP") outlining the requirements that should be included in an application applying for the set-aside. If this set aside is not utilized by the Association or if qualified

applications are not received, the set-aside will be made available to other qualified non-targeted applications. If utilized, the Association will announce specific guidelines which may apply to the application for these funds at least 180 days prior to the application round.

### **5.3 Rural Development Set-Aside**

Fifteen percent (15%) of the annual per capita tax credit will be set-aside for the new construction of developments located in communities that qualify as eligible communities for USDA RD Multifamily Housing programs. The set-aside will be available on a statewide basis during the Application Round if sufficient applications are received, otherwise, it will be available for all other qualified non-targeted applications.

### **5.4 Preservation Set-Aside**

Ten percent (10%) of the annual per capita tax credit will be set-aside for the rehabilitation of existing federally assisted rent-restricted developments. The set-aside will be available on a statewide basis during the Application Round if sufficient applications are received; otherwise, it will be available for all other qualified non-targeted applications.

### **5.5 Authority to Reduce Set-Asides**

If maintaining the set-asides listed above jeopardizes the Association's ability to effectively allocate credit during the calendar year, the Association may eliminate or reduce the set-asides to federally mandated levels.

### **5.6 Eligible Basis Increase (up to 30%) for Certain State Designations**

Developments may qualify for a 30% eligible basis boost if designated by the Association, at its sole discretion, as in need of additional resource assistance to ensure economic feasibility. Developments that are applying for tax credit under the special housing needs set-aside mentioned above in Section 5.2; developments that have unusually high construction costs and/or land costs because of being in a higher cost resort community; or developments which are located in a higher cost urban center are eligible for consideration of the 30% eligible basis boost.

In order for a sponsor to be eligible, the project must be located in one of these specific categories. If a request for basis boost is included in the application, a detailed narrative to include comprehensive reasoning and justification to support that the project resides within an eligible area is required to be given consideration by the Association for the boost.

*NOTE: The category is not intended to override or supersede federally-designated DDAs or QCTs.*

## **SECTION 6 - SELECTION CRITERIA POINT SYSTEM**

*NOTE: Do not include manager unit(s) in any calculations in Section 6. In calculating percentages, "total residential units" includes all rent-restricted and market units (and excludes manager or employee units). "Rent restricted" units includes Tax Credit, HOME, Housing Trust Fund ("HTF"), and any project-based rental subsidy units (i.e., Section 8 & RD515).*

### **6.1 Competitive Ranking**

All developments that meet and pass the application thresholds by the Association, including those competing for set-asides, will be ranked according to the number of points received through a Selection Criteria Point System which has been determined by the state's low-income housing priorities as designated by Idaho's Five Year Consolidated Plan, and which includes the categories required under §42 of the Internal Revenue Code:

- a) Development Location;
- b) Housing Needs Characteristics;
- c) Development Characteristics including whether the development includes the use of existing housing as part of a community revitalization plan;
- d) Sponsor Characteristics;
- e) Tenant Populations with Special Needs;
- f) Tenant populations of individuals with children;
- g) Public Housing Waiting Lists;
- h) Developments intended for eventual tenant ownership;
- i) The energy efficiency of the development; and
- j) The historic nature of the development.

### **6.2 Point Threshold**

Developments must achieve at least 60 points to receive a credit reservation. Developments with less than 60 points will be disqualified.

The Association may, at its sole discretion, waive this requirement after the Application Round for current year credit. The aggregate Selection Criteria Points established by the Association at the time of the initial tax credit reservation must be maintained throughout each evaluation stage of the allocation process or the tax credits will become nullified. Although, if circumstances beyond the control of the housing sponsor have an effect of reducing the selection criteria points scored on their application during the allocation process, the Association may allow the loss of points provided the housing sponsor maintains their original award ranking established by the Association at the time of tax credit reservation. Refer to Section 4.2.

### **6.3 Rounding**

When determining points awarded in categories which stipulate certain percentages or numbers, calculation will be rounded to two decimals. In cases where the calculation results in numbers of units any fraction will be rounded upward to the next whole number.



## 6.4 Selection Criteria

1. Developments located within the stated distances from goods, services, or major employer:

1/2 point per category for a maximum of 5 points.....max 5

Good and Services – located within 1.5 miles driving distance in urban communities or 3.0 miles driving distance in rural communities.

Major Employer – located within 5.0 miles driving distance in urban communities or 10.0 miles driving distance in rural communities.

Urban Communities – communities that do not qualify as eligible communities for USDA RD programs

Rural Communities – communities that qualify as eligible communities for USDA RD Multifamily Housing programs

- Full service Grocery Store (does not include convenience stores)
- Retail Shopping (i.e., hardware, clothing store, etc.)
- Police or Fire Station
- Pharmacy
- Post Office
- Bank/Credit Union
- Public Park
- Education Facility (includes K-12 schools, university, adult education, vocational school, community college)
- Public Library
- Health Club or Recreational Center (i.e. YMCA, etc.)
- Hospital or Medical Clinic, Medical or Dental Office
- Social Services Center (i.e., Senior Citizen Center or Community Center) or Licensed Childcare Facility
- Bus stop, transit stop (i.e., Park & Ride, etc.)
- Public greenbelt bike/walking path access (does not include city sidewalks or street bike lanes)
- Major Employer (as documented in the Market Study or Appraisal)

*Third party mileage documentation must accompany the application (i.e., MapQuest, Google Maps, etc.) or distance measured by street/road access must be documented in the market study or appraisal that is submitted with the application.*

2. Developments which offer the following amenities .....max 5

*To receive points in this category, a certification signed by a licensed architect must accompany the application (See Exhibit K for required format).*

*At the time that the development is placed in service, an “as built” certification by a licensed architect that lists the incorporated standards or items will also be required. (See Exhibit L for required format).*

(Select any combination of the following items)

Points

- Hard surfacing on 100% of area flooring in each residential unit; bedrooms are exempt from this rule..... 1
- Central Air Conditioning or Ductless Air Conditioning in each residential unit..... 1/2
- High-Speed Internet or Cable/Satellite Hookup availability for each residential unit..... 1/2
- No charge, on-site storage for each residential unit..... 1/2
- Computer/Study Room with High Speed Internet Access with at least one computer for every 15 residential units..... 1/2
- Fiber cement exterior siding or comparable exterior elements on 100% of the exterior with minimum 30-year warranty .....2
- Exterior security camera surveillance system with closed circuit monitor ..... 1
- Electronic access door controls for interior common areas..... 1
- Personal outdoor living spaces (i.e., attached patios, decks, etc) for each residential unit in the development.....2

3. Developments which give preference to persons on Public Housing Authority waiting lists.

Preference given for 100% of the rent-restricted units ..... 1

*To receive points in this category, a certification signed by the sponsor and the property management company must accompany the application (See Exhibit I for required format).*

*Copy of the development’s executed Management Plan that includes a Tenant Selection Policy that evidences the waitlist preferences will be required at the time the development applies for Form 8609(s).*

4. Developments with mix of rent-restricted and market units.

10% or greater of total residential units are market units ..... 2

5. The Sponsor(s) and Developer(s) of the proposed development are residents of the State of Idaho ..... 2

*Sponsor in this category is defined as the owner of the development, and includes at least one individual or entity of the owner with at least 50% control.*

*Developer is an individual or legal entity involved with the acquisition of land, construction of a new multifamily affordable housing project, or purchasing an existing project with the intent of rehabilitating the project, in which LIHTCs are requested, and includes any related party and/or any individual or legal entity with an identity of interest or any other ownership interest in the proposed development.*

*If ownership in the sponsor or developer entity is vested without at least 50% control, then all individuals or entities must meet the requirement. In any event, determinations under this category are subject to the review and approval of the allocating agency in its sole discretion.*

*Resident means an individual person maintaining his or her principal residence in Idaho or an entity which is organized under the laws of Idaho and which also maintains its principal office in Idaho at the time of application.*

*Principal office is defined as a staffed office physically situated in Idaho in which one or more principals maintains a regular, daily office from which they conduct their business.*

6. Developments leasing rent restricted units who commit to giving a waitlist preference to households that contain one or more members with a handicap as defined in the Fair Housing Act ..... 1

*Fair Housing Act:*

*Sec. 802 [42 U.S.C. 3602] Definitions:*

*Handicap means, with respect to a person:*

- (1) a physical or mental impairment which substantially limits one or more of such person's major life activities,*
- (2) a record of such an impairment, or*
- (3) being regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance [as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)].*

*To receive points in this category, a certification signed by the sponsor and the property management company must accompany the application (See Exhibit I for required format).*

*Copy of the development's executed Management Plan that includes a Tenant Selection Policy that evidences the development's waitlist preferences will be required at the time the development applies for Form 8609(s)*

7. Developments that provide housing for older persons as defined in the Fair Housing Act..... 3

*Fair Housing Act:*

Sec. 807 [42 U.S.C.3607](b)

(2) As used in this section “housing for older persons” means housing -

- (A) provided under any Federal or State program that the Secretary determines is specifically designed and operated to assist elderly persons, (as defined in the State or Federal program); or
- (B) intended for, and solely occupied, by persons 62 years of age or older, or
- (C) intended and operated for occupancy by persons 55 years of age or older, and
  - (i) at least 80 percent of the occupied units are occupied by at least one person who is 55 years of age or older;
  - (ii) the housing facility or community publishes and adheres to policies and procedures that demonstrate the intent required under this subparagraph; and
  - (iii) the housing facility or community complies with rules issued by the Secretary for verification of occupancy, which shall -
    - (I) provide for verification by reliable surveys and affidavits; and
    - (II) include examples of the types of policies and procedures relevant to a determination of compliance with the requirement of clause (ii). Such surveys and affidavits shall be admissible in administrative and judicial proceedings for the purposes of such verification.

*NOTE: The Low Income Housing Tax Credit Regulatory Agreement will restrict use of the development in accordance with this section.*

8. Developments which are targeted to populations of individuals with children which designate the following percentages of the rent-restricted units to three-bedroom or larger units for households. Such developments must provide appropriate amenities for children and families (i.e., open space, playground, laundry, etc.)..... 3

5.00% to 9.99% of the rent restricted units .....2

10.00% or greater of the rent-restricted units.....3

*NOTE: Developments that provide housing for older persons as defined in the Fair Housing Act do not qualify for Selection Criteria Points under #8.*

9. Developments which receive non-related private party contributions, charitable cash donations, local government assistance, or federal government assistance through the FHLB AHP or CDBG programs in a cumulative amount within one of the following percent ranges of Total Development Cost.....max 10

2.00% to 3.99% .....	2
4.00% to 5.99% .....	4
6.00% to 7.99% .....	6
8.00% to 9.99% .....	8
Greater than 10.00% .....	10

Total Development Cost in this category does not include Developer/Consultant Fees or Development Reserves.

*NOTE: Local non-monetary government assistance must be supported by a third-party documentation that values the assistance at the time of application. City-allocated HOME funds, Tax Increment Financing, in kind contributions, or permit or impact fee reductions may be included as local government assistance.*

*Documentation regarding proposed conditions and terms of the assistance must also accompany the tax credit application. Percentage calculation will be based on cumulative sources that are eligible in the category.*

*Land donations will only be considered in this category if the donor (vested owner) of the land is an unrelated party to the Developer and Sponsor. Documentation (real estate purchase and sale agreement, etc.) must make reference to the said donation in the established purchase price.*

*An eligible "unrelated party" is any vested owner of the land who does NOT have an identity of interest and is not a related party with respect to the development.*

*"Identity of interest" or "related party" means ownership of 50% or more of a separate entity of the development team ("Related Entity") by the sponsor or developer, alone or as part of a group of other persons or entities, or ownership of 50% or more of the respective sponsor or developer by the Related Entity. In this definition, an identity of interest is present even if the sponsor or developer has no voting rights in the Related Entity, or if the Related Entity has no voting rights in the respective sponsor or developer. Registered agents, executive directors, officers, employees, or family members of such sponsor, developer or Related Entity may be considered as a "related party."*

10. Sponsors who have a history of satisfactory LIHTC Allocating Agency compliance ratings of their §42 portfolio. .... 15

*To be considered in this category, development(s) must have placed in service, received Form 8609(s), and had completed no less than three (3) years of compliance reviews. Development(s) will be deemed in compliance unless a review has evidenced a history of substantial noncompliance in which case the points will not be awarded. Furthermore, the Association, at its sole discretion may take into consideration additional criteria if requested by a sponsor to satisfy the management capacity and experience of the sponsor.*

*NOTE: Substantial Noncompliance is defined as any property reviews currently at a below average or unsatisfactory rating. This rating is based on general physical condition and appearance; leasing and occupancy; and general management operations. In addition, the owner must not have open 8823's filed with the IRS or late submission of required monitoring fees and annual reports, subject to the determination by IHFA's Compliance Department in its sole discretion.*

The sponsor will provide IHFA with the authorization to contact said LIHTC Allocating Agencies by signing the Sponsor's Previous Participation Certification (Exhibit B) of the tax credit application.

Sponsor in this category is defined as the owner of the development, and includes at least one individual or entity of the owner with 50% control or more.

If ownership is vested without at least 50% control, then all individuals or entities must meet the requirement. In any event, determinations under this category are subject to the review and approval of the allocating agency in its sole discretion.

11. Areas of Opportunity. .... 2

Developments must be located in a census tract with a poverty rate that is equal to or less than the State of Idaho's overall average of 11.2% to receive points in this category:

FFIEC Online Census Data System – for poverty rates by census tracts:

<https://www.ffiec.gov/census/default.aspx>

Year: Select the most current year

State: 16-Idaho (ID)

Click "Retrieve by County"

Select County that the development will be located in

Click "Get Census Demographic"

Under Data Report Links - Click: "Income"

Information is listed by census tract number

% Below Poverty Line – must be equal or less than 11.2% to qualify for points.

12. Rehabilitation Developments that include the use of existing housing as part of a community revitalization plan. To receive points in this category, the proposed development must be located within a certified urban renewal district or other city-designated geographic area that specifically addresses affordable housing as a goal. Documentation from the urban renewal district or the city must confirm to the Association's satisfaction that the proposed development lies within certified boundaries and meets the urban renewal district's or city's goal of providing affordable housing. .... 1

13. Developments with 100% of the units rent-restricted and intended for eventual tenant ownership after the 15-year compliance period has ended..... 1

*Developments wishing to convert to home ownership at the end of the 15-year compliance period will be required to meet the following conditions:*

- a) *Conversion to tenant ownership is legally permissible taking into consideration other restrictions that may be attached to the property (i.e., lender or other subsidy restrictions, etc);*
- b) *The units must be single-family detached units, condominiums, or townhouses, which can be lawfully conveyed as separate pieces of property;*
- c) *Each unit must have access to all necessary utilities, common areas, rights-of-way, easements, and such access will not be dependent on any exercise or non-exercise of any right or consent by the owner of any other property;*

- d) *Purchasers must occupy units as primary residences;*
- e) *A comprehensive plan must be submitted at the time of application that demonstrates the feasibility of physical conversion to home ownership and includes, but is not limited to:*
  - *Provisions for repair or replacement of heating systems, water heaters, and roof repair or replacement prior to sale;*
  - *Requirements for extent of stay in rental unit to be eligible for purchase; and*
  - *Financial counseling plan for potential home buyers.*
- f) *It is understood that after the initial 15-year compliance period referenced in Section 42(i) of the Code, the Sponsor may transfer individual units (homes) in the Development under a low income homeowners program to Qualifying Tenants holding a right of first refusal provided the following conditions are met:*
  - *All requirements of Section 42(i)(7) of the Code and Revenue Ruling 95-49 are complied with;*
  - *The buyers/occupants of the units meet the requirements for a Qualifying Tenant hereunder and hold a right of first refusal for the unit exercisable at the end of the 15-year compliance period;*
  - *The buyers/occupants execute and record on the property an extended use agreement that restricts the transferred property to low income occupancy to the earlier date of: (i) the resale of the unit to any person other than to individuals whose income at the time of acquisition is 60 percent or less of area median gross income and who will occupy the unit as a principal residence; or (ii) termination of the extended use period commitment as mentioned in the existing LIHTC Regulatory Agreement;*
  - *Prior to such conveyance, the Sponsor shall furnish the Allocating Agency an opinion of counsel acceptable to such agency that the requirements of this section hereof, Revenue Ruling 95-49 and Section 42(i)(7) of the Code have been met; and,*
  - *The Allocating Agency approves such transfer(s), which approval shall not be unreasonably withheld.*

- 14. Developments located in a city which has not received an allocation of competitive tax credit the past five (5) calendar years (2016 - 2020). ..... 3
- 15. New Construction or Adaptive Reuse Developments will receive the following points based on the average per residential square foot costs from applications submitted in the most recent round adjusted upward by 4.5% for inflation, with the single highest and single lowest cost developments excluded in the calculations. Points from the three cost categories shall be combined to receive an aggregate score.. .....max 8

% of Adjusted Average	Land Cost	Hard Construction Costs	All Remaining Development Costs
≤ 80%	2.0 Points	2.0 Points	4.0 Points
80.1% to 90.0%	1.5 Points	1.5 Points	3.0 Points
90.1% to 100.0%	1.0 Point	1.0 Point	2.0 Points
100.1% to 125.0%	0.5 Point	0.5 Point	1.0 Point
≥125.1%	0.0 Point	0.0 Point	0.0 Point

September 2020 Round Applications (with highest & lowest cost developments excluded)	Land Cost	Hard Construction Costs	All Remaining Development Costs
Average Cost Per Residential Sq Ft (adjusted upward 4.5% for inflation)	\$10.90	\$178.61	\$85.94

*Acquisition/Rehabilitation or Rehabilitation-only developments are not included in the Average Cost Per Residential Square Foot calculations.*

*Residential Square Footage is the sum of the interior square footage of each individual unit contained in a development (including employee units). Interior square footage of each unit should be of similar size to comparable units in the primary market. Exaggerated sizing of units to lower per costs is discouraged.*

*Square footage from commercial or common areas, such as hallways, storage, or community rooms is excluded in this calculation. Cost per Residential Square Foot is determined on an individual development basis before results are averaged.*

*Land and Hard Construction Costs will be scored separately, with all remaining development costs included in a combined category. Scoring of costs will be based on the calculation as included on the application ProForma.*

*In determining land cost, if the land is being purchased from an unrelated third party, the value of the land will be based off the sales price of the purchase and sales agreement. If the land is owned by the developer or sponsor at the time of application, the value will be determined by the following:*

- *Based off the settlement statement at the time of the closing prepared and provided by the Title Company if it was bought less than one year prior to the date of the application; or*
- *Fair market value based upon an MAI appraisal no older than 6 months if the land has been held for one year or more.*



*Hard Construction Costs include site work, new construction or rehabilitation, and construction contingency, and exclude contractor profit, overhead, general requirements and construction management fees.*

*All Remaining Development Costs equals Total Development Costs (as listed in the development's tax credit application) less Land Costs and Hard Construction Costs as described above, and includes (but is not limited to) development reserves and any professional fees including Developer/Consultant Fees.*

16. Developments which utilize Historic Rehabilitation Tax Credit as a funding source. To receive points in this category, certification from the National Park Service must accompany the application which states that the proposed building is a certified historic structure (one listed on the National Register of Historic Places or located in a Registered Historic District and determined to be of significance to the Historic District) as defined by IRC Section 47(c)(3)(A). ..... 1

*NOTE: Award of this Selection Criteria point will be conditioned upon receipt of written confirmation from the National Park Service that the proposed development meets the Department of Interior's rehabilitation standards.*

17. Developments located in a Primary Market Area ("PMA") with a Low-Income Housing Tax Credit ("LIHTC") rental vacancy of 3.00% or less, as documented in the market study or appraisal that is submitted with the tax credit application ..... 6

18. Permanent Supportive Housing Units..... 2

*To receive points in this category, a certification signed by the Sponsor, the Property Management Company, Partnering Supportive Services Provider(s), and Coordinated Entry Access Point Provider must accompany the application (See Exhibit J for required format).*

*Copy of the development's executed Management Plan that includes a Tenant Selection Policy, and a Supportive Services Plan that evidences the requirements listed below will be required at the time the development applies for carryover allocation . In addition, all owner/agents should have a written contract with their service provider that outlines roles and responsibilities, identifies key personnel in both agencies, and provides the specifics for how services will be documented and reported.*

*Developments awarded points for Permanent Supportive Housing (defined by Section 42(i)(3)(B)(iii) of the IRS code) must meet all of the following requirements:*

*The requirements for these points are segmented into three sections: 1) Targeted Population; 2) Supportive Services for Special Housing Needs Tenants; and 3) Coordinated Entry.*

*1) Targeted Population:*

*The development must designate at least one unit, or the number of units equivalent to 5% of the total number of residential units in the development (round up to the*

nearest whole number), whichever is greater, as Permanent Supportive Housing or transitional housing for “Special Housing Needs Households”.

“Special Housing Need Household” is defined as a household meeting all three of the criteria below:

- Household comprised of individual(s) or families with incomes at or below 30% area median income (AMI); AND
- Household comprised of individual(s) or families who are disabled. Federal laws define a person with a disability as “any person who has a physical or mental impairment that substantially limits one or more major life activities, has a record of such impairment, or is regarded as having such impairment;” AND
- Household comprised of individual(s) and families who are literally homeless, at imminent risk of homelessness, or fleeing or attempting to flee domestic violence as defined in 24 CFR 576 Subpart A 576.2 (1), (2), and (4).

The “Special Housing Needs Households” definition listed above must be contained in the “Tenant Selection Policy” of the proposed Management Plan.

At its sole discretion, the Association may expand or adjust the above-mentioned definition to be consistent with Special Housing Needs preferences identified in Idaho’s Consolidated Housing Plan.

## 2) Supportive Services for Special Housing Needs Tenants:

Supportive Services Plan must be established for Special Housing Needs Households and must include the adoption of Housing First practices that: 1) allows voluntary participation by households in services; 2) provides a commitment for monthly on-site visits by a partnering organization(s) (Service Provider(s)) to coordinate appropriate support and services to be offered to Special Housing Needs Households based on individual or household needs; and 3) supports the development of flexible, person-centered, and client-informed individual service plans.

- The partnering organization(s) (Service Provider(s)) must have at least 3 years of experience in providing housing and/or services to Special Housing Need Households.
- Partnering organization(s) (Service Provider(s)) and/or housing provider(s) must participate in the Homeless Management Information System (“HMIS”), or the Community Management Information System (“CMIS”), and agree to collect and record the client/household Universal Data Elements and record services provided to Special Housing Needs Households. If a Developer/Property Manager is unsure if a Service Provider is an approved HMIS/CMIS user, they may contact IHFA at [hmis@ihfa.org](mailto:hmis@ihfa.org) for a list of participating HMIS/CMIS Service Providers. If a Service Provider is not a current HMIS/CMIS approved user, the Service Provider may contact IHFA to request training and access approval.
- Support and services provided to Special Housing Needs Households must be accessible on-site at the development, unless alternative transportation arrangements have been made by the partnering organization(s) and/or housing provider.
- While participation in support and services is voluntary, Special Housing Needs Households must be offered participation in a minimum of three of the nine services

*listed below monthly or at a minimum quarterly or more frequently whenever the household indicates a potential need for such services.*

- *Health or Behavioral Health Services*
  - *Childcare*
  - *Adult Education, Health and Wellness, or Skill Building Classes*
  - *After School Program for School Aged Children*
  - *Renter Education Classes*
  - *Substance Use Counseling/Treatment*
  - *Housing Liaison*
  - *Connection to Mainstream Resources*
  - *Housing Barrier Removal*
- *Partnering organization(s) that will be coordinating support and services must keep an independent log of monthly site-visits and document services that were offered to Special Housing Needs Households. It is important to document any support or services offerings that were declined, as well as those that were accepted.*
  - *The Supportive Services Plan for the Special Housing Needs Households must be contained in the proposed Management Plan or provided in a separate Supportive Services Plan that is referenced in the Management Plan.*

3) *Coordinated Entry (also known as “Our Path Home CONNECT” in Ada County and “Homeless Connect” throughout the rest of the state):*

*The “Tenant Selection Policy” included in the Management Plan must include the requirement to use the “Coordinated Entry” system when filling vacancies in units set aside for Permanent Supportive Housing. Operational procedures detailing the Coordinated Entry process and provision for staff training must be included in the proposed Management Plan.*

*Additionally, an Affirmative Marketing Plan (in the required format found in Exhibit F of the LIHTC/HOME application) that includes the appropriate county’s homeless Coordinated Entry Access Point (see below) in the Community Contact section of the plan is required.*

*The Property Manager/Developer must work with the Service Provider who will contact the appropriate Coordinated Entry Access Point must be the first contact whenever there is a Permanent Supportive Housing unit available in the development.*

<p>Region 1 Benewah, Bonner, Boundary, Kootenai, Shoshone Counties</p> <p>St Vincent de Paul 201 E. Harrison Coeur d’Alene, ID 83814 208-664-3095</p>	<p>Region 2 Clearwater, Idaho, Latah, Lewis, Nez Perce Counties</p> <p>Sojourner’s Alliance 627 N. Van Buren Moscow, ID 83843 208-310-4554</p>	<p>Region 3 Adams, Boise, Canyon, Elmore, Gem, Owyhee, Payette, Valley, Washington Counties</p> <p>Salvation Army – Nampa 1412 4<sup>th</sup> Street S. Nampa, ID 83651 208-461-3733</p>
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<p>Region 4 Blaine, Camas, Cassia, Gooding, Jerome, Lincoln, Minidoka, Twin Falls Counties</p> <p>South Central Community Action Partnership 550 W. Washington St. S. Twin Falls, ID 83301 208-733-9351</p>	<p>Region 5 Bannock, Bear Lake, Bingham, Caribou, Franklin, Oneida, Power Counties</p> <p>Aid for Friends 210 E. Center St., Ste A Pocatello, ID 83201 208-254-0290</p>	<p>Region 6 Bonneville, Butte, Clark, Custer, Fremont, Jefferson, Lemhi, Madison, Teton Counties</p> <p>CLUB, Inc. 1820 E. 17<sup>th</sup> St., Ste 150 Idaho Falls, ID 83404 208-529-4673</p>
<p>Region 7 Ada County</p> <p>CATCH 503 S. Americana Blvd. Boise, ID 83702 208-246-8830</p>		

*If a development is awarded the two points and does NOT comply with the requirements in this category after being placed in service, the developer/sponsor will NOT be eligible to submit applications for LIHTC until such time as the project is back in satisfactory compliance (good standing).*

*NOTE: HOME funds can be used in units defined as transitional housing at 24 CFR Subpart A-92.2 "Transitional Housing". Under this definition, an Owner/Sponsor can provide a tenant preference in transitional housing units for one/all of the following populations: "Individuals with disabilities, homeless individuals with disabilities, and families with children".*

*For further information regarding project eligibility and the use of HOME and/or HTF funds in a project for PSH units, please contact IHFA HOME Programs Department.*

19. Developments which give a waitlist preference to persons with HUD - Veterans Affairs Supportive Housing ("VASH") vouchers . . . . . 1

*To receive points in this category, a certification signed by the sponsor and the property management company must accompany the application (See Exhibit I for required format).*

*Copy of the development's executed Management Plan that includes a Tenant Selection Policy that evidences the development's waitlist preferences will be required at the time the development places in service and applies for Form 8609(s).*

20. Competitive 9% LIHTC new construction developments that are located adjacent to a separate newly-constructed tax exempt bond development owned and constructed by the same team that will add rent-restricted housing units targeted to households with incomes not to exceed 80% of the Area Median Income ("AMI"). A determination of whether the proposed development are or will be adjacent to each other shall be made at the sole discretion of the Association.

To be awarded these points, the closing and construction of BOTH developments must take place within a reasonable time to each other (6 months or less), and the separate 4% tax exempt bond development must contain a minimum of 60 rent-restricted units; or

In communities that qualify as eligible communities for USDA RD Multifamily Housing programs, the separate 4% tax exempt bond development must contain a minimum of 50 rent-restricted units.

Only one of the developments may be funded with competitive 9% LIHTC to qualify for this point, and the separate 4% tax exempt bond development must provide rent-restricted units for an extended use period of not less than 40 years ..... 3

## 6.5 Preference Points

The Code also requires that, during the selection process, preference is granted to developments which serve the lowest income tenants and/or which are obligated to serve low-income tenants for the longest periods and/or located in a qualified census tract in which the development contributes to a concerted community revitalization plan. Accordingly, the Association will grant preference points to eligible developments as follows:

1. Developments which are obligated to provide low-income use 25 years beyond the initial 15-year compliance period. This 40-year obligation requires the waiver of the Qualified Contract provision for the purpose of converting to market-rate use until one (1) year before the final year of the 40-year obligation and thereafter shall be subject to the three (3) year provisions regarding eviction and rent increase..... 15

*NOTE: This obligation will be set forth in the Low Income Housing Tax Credit Regulatory Agreement.*

2. Developments with 40% or less area median income (AMI) units. Manager's unit not included in calculation.  
 Developments with 1-60 total residential units where at least 2.5% of the rent-restricted units are at 40% or less AMI ..... 6  
 Developments with 61 or more total residential units where at least 5% of the rent-restricted units are at 40% or less AMI ..... 6

*NOTE: 30% and 35% AMI units may be included in the unit count to determine points for "40% or less" AMI units (but are not necessarily required for the points).*

3. Developments with 45% area median income (AMI) units. Manager's unit not included in calculation.  
 Developments with 1-60 total residential units where at least 5% of the rent-restricted units are at 45% AMI ..... 3  
 Developments with 61 or more total residential units where at least 10% of the rent-restricted units are at 45% AMI ..... 3

4. Developments with 50% area median income (AMI) units. Manager's unit not included in calculation.  
 Developments with 1-60 total residential units where at least 10% of the rent-restricted units are at 50% AMI ..... 2  
 Developments with 61 or more total residential units where at least 20% of the rent-restricted units are at 50% AMI ..... 2  
  
*NOTE: The Low Income Housing Tax Credit Regulatory Agreement for developments designating units under preference items 2, 3 and 4 above will state the number of units restricted to lower rent levels. 55% and 60% area median income (AMI) units will also be mentioned in the Regulatory Agreement even though preference points are not awarded for these units. Rent restrictions will be effective for such units during the initial compliance period and the extended use period.*  
  
*Sponsors are expected to disperse units targeted for 30%, 35%, 40% and 45% area median income households throughout the development to the extent possible taking into consideration other programmatic requirements. Allocating such units so that one building(s) is/are 100% occupied by households at 30%, 35%, 40%, and 45% of area median income is not recommended.*
5. Developments located within a qualified census tract in which the development contributes to a concerted community revitalization plan..... 1

*A concerted community revitalization plan is defined as a certified urban renewal district or other city-designated geographic area located within a qualified census tract that specifically addresses affordable housing as a goal. To receive points for this category, documentation from the urban renewal district or the city must confirm to the Association's satisfaction that the proposed development lies within certified boundaries and meets the urban renewal district's or city's goal of providing affordable housing. City-wide revitalization designations will not be considered in this point category.*

#### **6.5.1 Economic Feasibility**

Financial pro formas for developments receiving points in Section 6.5 categories 2 and 3 above must demonstrate economic feasibility. Sponsors must carefully assess the impact of the lower rents on their development to be certain they have not jeopardized feasibility in an attempt to achieve a high point score. If the Association, at its sole discretion, determines that a development fails to demonstrate economic feasibility based upon the Association's underwriting parameters, the application will be declined.

### **6.6 Negative Performance Points**

1. Within twelve (12) months of the current application deadline, Sponsors who were issued Form 8609s for developments with Total Development Costs\* that have increased more than 10% from the initial request for tax credit to Final Cost Certification..... 2

*\*Total Development Cost in this category does not include Developer/Consultant Fees & Reserves*

2. Within twelve (12) months of the current application deadline, Sponsor or Property Management Agent has more than two (2) properties on the Association's Compliance Department's watch list\* ..... 1
 

*All properties monitored by the Association's Compliance Department exist in one of three conditions: in good standing, on the watch list, or not in good standing.*

*An owner/agent of a property that is in good standing is showing good faith efforts to maintain general compliance through timely reporting and fee payment, thorough communication, and average or above average inspections.*

*When a property has significant physical deficiencies, tenant file violations, or problems maintaining general compliance, the Association will place it on the watch list for one year. This temporary status change is a warning to the owner/agent that the property is troubled and needs immediate intervention to correct problem areas.*

*If the property owner/agent cannot or will not acknowledge and address the area(s) of concern, that caused the property to be placed on the watch list, the status will change to not in good standing at the beginning of the next calendar year. A property's status can change to not in good standing for gross or flagrant violations, without being placed on the watch list first.*

*For further guidance, reference the Association's correspondence dated 12/17/2019 addressed to all owner/agents with Tax Credit properties.*
3. Within twelve (12) months of the current application deadline, Sponsor, Developer, or Property Management Agent has failed to comply with the Association's request for information within 30 calendar days on any development funded or administered by the Association ..... 1
4. Within twelve (12) months of the current application deadline, Sponsor, Developer, or Property Management Agent has been more than 60 calendar days late in providing required reporting to the Association (Compliance, Tax Credit, and HOME Department reporting)..... 1
5. Within twelve (12) months of the current application round deadline, Sponsor has been 60 calendar days or more delinquent in the payment of any Association loan, has been declared in default by the Association, or has a municipal tax lien on any housing funded by any/all Association resources. .... 2
6. If an application is awarded in the Fall 2021 round (2022 LIHTC) and has not started construction by the 2022 application deadline, negative points will be assigned to newly-submitted proposed applications by the Sponsor or Developer ..... 2

## **SECTION 7 - DEVELOPMENT EVALUATION**

### **7.1 Evaluation of Developments to Determine Credit Awarded**

Developments which are selected through the Selection Criteria Point System will be evaluated to determine the amount of tax credit applicable to that development. Pursuant to §42 of the Internal Revenue Code, the amount of credit available for a development may not exceed the amount necessary for its financial feasibility and its viability throughout the extended use period. Allocating agencies must consider the reasonableness of developmental and operational costs as an additional factor in making determinations as to the proper amount of credit to be allocated. Reasonable costs are amounts necessary to develop or manage an affordable housing complex which are neither excessive nor deficient.

### **7.2 Evaluations Stipulated by Section 42 of the Code:**

Regulations require that allocating agencies conduct evaluations at three specific times to determine the amount of applicable credit:

- a) Upon receipt of an Application for Low-Income Housing Tax Credit;
- b) Prior to granting a Tax Credit Allocation; and
- c) No earlier than 30 days prior to awarding the Tax Credit Certification, IRS Form 8609.

### **7.3 Evaluation Components**

During each evaluation, the Association will determine the amount of credit to be reserved, committed or allocated by considering the following components of each development:

- a) Developmental costs; and
- b) Funding sources available to the development for construction and permanent financing:
  - 1. Loans,
  - 2. Grants & Subsidies,
  - 3. Tax Credit Proceeds,
  - 4. Owner Equity; and
  - 5. Subordinate debt.
- c) Percentage of the tax credit dollar amount used for development costs other than the cost of intermediaries (Intermediary costs are defined as: syndication related organizational costs);
- d) Projected operating income and expense, cash flow and tax benefits;
- e) Maximum tax credit eligibility;
- f) Debt Service Coverage Ratio compared to lender requirements or commercial lending practices, as applicable;
- g) Lender or Equity Provider required Reserves; and
- h) Contractor overhead and profit.

*NOTE: In evaluating these components, the Association will follow the underwriting guidelines found in Exhibit E.*



### **7.3.1 Development Cost Standard**

In the application round, the Association will conduct an in-depth cost review for the top 20% of the highest per unit cost applications.

During this review, the Association, will give sponsors an opportunity to provide additional third-party documentation and cost justification.

Examples of third-party documentation include, but are not limited to, architect statement that addresses unusual design or material requirements, MAI appraisal that values land, census tract demographic data that supports the area of opportunity declaration, etc.

In reviewing the development costs, the Association will consider the following factors:

- **Historical LIHTC usage for the market area:** From a statewide perspective, the Association will be evaluating whether a given market area has been underserved in relationship to the area's population (i.e., per capita utilization).
- **Housing Demand:** Is there a critical or pressing need for rental housing in the community which may not have been identified in the submitted market study.
- **Cost Rationale:** Development costs which are higher than typical will trigger additional questions regarding the need for unique architectural adjustments and/or local planning design requirements which add incremental costs to the development (i.e., brick, stone, high-tech HVAC, elevators, green or local weather-related energy efficiency components).
- **Alternative Choices:** Whether there are alternative choices within the market area that could mitigate excessive costs (i.e., site selection).
- **Broad Community Goals:** The Association will be sensitive to the localized goals of the community in which the development is proposed.

As clarification, the Association employs cost standards to ensure that limited affordable housing resources are used efficiently and are consistent with good public policy regarding the quality, available amenities, and overall costs of rental housing built for low and moderate income households, as well as allowing for the maximum state-wide impact from available resources. The Association acknowledges that there are some markets and some development types that are more costly.

The Association further acknowledges that in certain circumstances the total cost of a proposed development may be higher than good public policy and prudent resource allocation should allow, even if individual components may be justified and considered reasonable in other contexts. Some markets, property characteristics and circumstances individually or together may be cost-prohibitive for an affordable development.

In light of industry/national concern around cost containment, the Association will do a thorough review of all cost components in a development. As part of the

underwriting, additional information may be requested to support certain costs contained within the application. (An example of this may be the treatment of the land value in the project, particularly when there are related party interests pertaining to the land).

During the review of costs, the Association reserves the right to employ an independent third-party professional to assist in determining cost reasonability.

#### **7.3.2. Site Selection**

Although the Association is mindful of the challenges in balancing the optimum site selection with cost containment, there are some elements of site selection that should be discouraged. Examples include, but are not limited to, sites located near facilities that process or store hazardous or explosive materials, or sites located in wetlands, floodplains, near airport runways, in high noise impacted areas, or in proximity to unprotected waterways.

As such, the Association strongly encourages sponsors to schedule a meeting before the application round deadline to address any health, safety, or environmental issues that may be involved with the proposed site.

#### **7.3.3 Tax Credit Proceeds**

The Association acknowledges that within the industry, it's difficult to determine what the "market" is for tax credit pricing as it's driven by individual circumstances, and in large part based off the economic strength of the proposed development and developer/sponsor. Ultimately, the price of the tax credit is set by the tax credit investors and syndicators.

The Association has an obligation to ensure the tax credit resource is used in an efficient and prudent manner. To that end, the Association expects that a development's tax credit pricing fall within an acceptable industry range. The Association would not look favorably on a project where the tax credit pricing appears to be well below the prevailing pricing in the market. Understanding the complexity of what is "fair" pricing for tax credit, the Association will confer with other state housing finance agencies, consult with industry experts and, to the extent possible, obtain information from equity providers and syndicators to determine an acceptable range of tax credit pricing for applications submitted in the round. The Association will compare the pricing on applications received in a round, determine the median value, and evaluate the adequacy of the respective applications' tax credit pricing based off the median value and information obtained from within the LIHTC industry.

At the time an application for a reservation of credit is submitted, a copy of the letter of intent and the proposal by the equity provider is required. See Exhibit B for documentation requirements. Written statement from equity provider or a copy of the final Placement Memorandum which confirms the amount of equity provided to the development must be provided to the Association no later than the date the sponsor applies for placed-in-service allocation.

#### **7.3.4 Adjustments to Credit Allocations**

When actual tax credit proceeds are determined, there may be adjustments to the credit reserved. (The credit will not be increased beyond the amount originally

reserved unless an additional credit application is submitted and awarded.) Tax credits will not be allocated to developments in excess of the amount necessary to fund the equity gap as determined by the Association using the value of the credit (expressed as a percentage of the total 10-year credit). If actual development costs or funding sources differ substantially from the projections submitted in the application, the Association may reduce the final credit allocation or the sponsor may establish development reserves (subject to Association limitations) to offset the deficit if the development has sufficient credit eligibility. The conditions for such reserve accounts will be determined on a case-by-case basis.

### 7.3.5 Developer Fees

Developer fees included in eligible basis may not exceed the percentages as identified in the tables below. These fees shall include: Developer overhead and profit, and any consultant fees for services normally performed by the developer.

*Developer fees throughout the allocation process will be restricted to the same amount as reflected on the original application and may not increase if an additional award of credit is received.*

#### New Construction:

Total Units (including manager/employee units)	Maximum Developer Fee as a percentage of Total Eligible Basis (before 30% increase) excluding the proposed Developer Fee
1 – 60 units	15%
61 or more units	12%
For all tax exempt bond developments * regardless of the number of units	15%

#### Acquisition/Rehabilitation:

Developer fees for acquisition rehabilitation developments may not exceed the percentages as identified in the tables below:

	Maximum Acquisition Developer Fee
For all acquisition developments, regardless of the number of units	5% of Total Acquisition Eligible Basis* excluding the proposed Acquisition Developer Fee

*\*Acquisition Eligible Basis will be limited to the lesser of the sale price or the appraised value of the property as determined by a third-party MAI appraiser less appraised land value and dollar balance of any reserves that will be transferred with the property. Such appraisal must include 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 less than six months old, and 2) the appraisal comprehensively addresses the requirements listed in the previous paragraph. An update will be allowed up to six months after the date of the original appraisal; although in no instance will the Association accept an appraisal beyond 12 months of the original date.*

	Maximum Rehabilitation Development Fee
For all rehabilitation developments, regardless of the number of units	15% of Total Rehabilitation Eligible Basis (before 30% increase) excluding the proposed Rehabilitation Developer Fee

### **7.3.6 Increased Eligible Basis**

Up to a 30% increase in eligible basis will be considered for developments located in HUD designated "Difficult to Develop Areas" or "Qualified Census Tracts", if deemed necessary by the Association for the financial feasibility and viability of the proposed development. This increase is also available to developments that meet the state-determined criteria mentioned in Section 5.6, provided again that the increase in eligible basis is deemed necessary by the Association for the financial feasibility and viability of the proposed development.

### **7.3.7 Third Party Reserves (Escrows) Included in Development Costs**

Reserves (escrows) will only be considered a cost item when required by Lender or Equity Provider and mentioned in the letter of intent or commitment that is submitted with the application for tax credits.

### **7.3.8 Contractor and Construction Management Fees**

Contractor and Construction Management fees in eligible basis shall be limited to 14% of construction costs, and typically be segmented as follows:

Type	Maximum Fee
General Requirement	6% of Construction Costs
General Overhead	2% of Construction Costs
Contractor Profit	6% of Construction Costs
<b>TOTAL CONTRACTOR FEES</b>	<b>14% of Construction Costs*</b>

*\*Construction costs include site work, new construction or rehabilitation, and construction contingency, and exclude contractor profit, overhead, general requirements, and construction management fees.*

### 7.3.9 Architect and Engineering Fees:

Architect and Engineering Fees in eligible basis shall be generally limited to 8% of construction costs, and typically be segmented as follows:

Service	Maximum Fee
Architect Fee	4% of Construction Costs
Engineering Fee	4% of Construction Costs
<b>TOTAL</b>	<b>8% of Construction Costs*</b>

*\*Construction costs include site work, new construction or rehabilitation, and construction contingency, and exclude contractor profit, overhead, general requirements and construction management fees.*

*NOTE: New construction developments will be held to the 8% threshold, but there may be some instances where it is acceptable for rehabilitation developments (which typically have lower costs than new construction) to exceed the 8% threshold.*

### 7.3.10 Identity of Interest:

In cases where the development team consists of entities whose individual principals are also principals in other entities of the development team, and are identified in the application as having an "Identity of Interest", the following limits will apply.

Contractor and Construction Management fees included in eligible basis will be limited in any case where a potential identity of interest can be determined to exist, (as set forth in the matrix below). Such identities may be considered automatically to occur in the following cases:

- When the sponsor, developer, or consultant have any principals in common with the contractor.

Principals are defined as individual owners, shareholders, directors, officers, employees, or authorized representative of said legal entity.

Total Units (including manager/employee units)	Contractor & Construction Management Fees included Eligible Basis as a percentage of Construction Costs*
New Construction: 1 - 60 units	10%
New Construction: 61 or more units	8%
Acquisition/Rehabilitation All developments regardless of the number of units	10%
For all tax exempt bond developments regardless of the number of units	10%

*\*Construction costs include site work, new construction or rehabilitation, construction contingency, and excludes contractor profit, overhead, general requirements and construction management fees.*

### **7.3.11 Construction Contingency**

Construction Contingency included in eligible basis shall be limited as follows:

New Construction	not to exceed 10% of Construction Costs
Rehabilitation	not to exceed 20% of Construction Costs

*Construction costs include site work, new construction or rehabilitation, construction contingency, and excludes contractor profit, overhead, general requirements, and construction management fees.*

### **7.3.12 Operating Expenses, Replacement Reserves and Debt Service Coverage**

The Association will review the projected operating expenses, replacement reserves and loan terms and may, in its determination of economic feasibility, make adjustments based upon industry standards, its own underwriting parameters, or facts obtained from other appropriate sources. Sponsors are urged to carefully review operational cost pro formas and include only achievable loan terms in their applications. Sponsors must include real estate taxes in their operating expenses, unless evidence of a perpetual real estate tax waiver (throughout the term of permanent financing) is submitted with the application. If a manager and/or employee unit(s) is contained in the development, Sponsors must also include associated costs, operating expenses, and required reserves for these units in their application.

*NOTE: The underwriting guidelines used for these reviews may be found in Exhibit E.*

### **7.3.13 Subordinate Debt**

Sponsors who are proposing subordinate debt must include the terms of the loan, and pro formas must reflect the ability to repay the subordinate debt within the debt service ratio required by the first lien lender or recognized industry debt service coverage ratios for combined debt.

### **7.3.14 Sources and Uses**

Sponsor must provide a letter of intent 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, etc.) either being offered or proposed by the Lender(s) and Equity Provider(s) (See Exhibit B for application requirements)

### **7.3.15 Amenities**

Sponsors shall disclose the costs of a swimming pool and/or hot tub in the application under "site costs – other," as the Association considers this as a luxury development amenity and at the sole discretion of the Association, may or may not be counted as part of eligible basis. The Association will review this amenity as it pertains to competing developments in the market area and its inclusion in basis will depend on local market conditions and the Association's assessment.

## 7.4 Factors Limiting the Credit Reservation

The amount of Credit reserved to a development will be the lesser of:

- a. The Maximum tax credit eligibility of the development; or

*Maximum tax credit eligibility is the maximum amount of credit justified by a development's qualified basis taking into consideration any difficult-to-develop allowance and the tax credit percentage rate.*

- b. The amount necessary to fill the funding gap.

*The funding gap is the difference between total development costs (exclusive of syndication related costs) less all available funding sources provided such sources are within reasonable industry norms (i.e., financing for the development has been maximized when evaluating rate, term, debt service coverage, loan to value, etc). The funding gap will be covered by tax credit proceeds giving a net-present value to the 10-year credit based upon the method of marketing (public, private or sponsor utilization).*

## 7.5 Appeal Process

If after receipt of the Association's preliminary award notification, the sponsor wishes to appeal the decision, they may do so no later than ten (10) business days after the receipt of the notification by providing a concise outline addressed to the Association's President/Executive Director at 565 West Myrtle Street, Boise, P.O. Box 7899, Boise, Idaho 83707-1899 along with a \$1,500 fee. The appeal request is deemed filed when it is received by the President/Executive Director at the above-stated physical address. Failure to file a timely appeal shall constitute a waiver of the right to an appeal.

The President/Executive Director, or an assigned delegate that has not been involved in the initial underwriting or scoring of the application, shall review the appeal request under guidelines found in the current QAP, and may, if requested in writing by sponsor, schedule an informal hearing with the sponsor to ask questions of the Association's staff. The written request to schedule an informal hearing should be addressed to the President/Executive Director and included with the concise outline which is mentioned above. During the appeal process, the President/Executive Director, or an assigned delegate, will limit the review to the information contained in the original application, unless it is determined that circumstances call for additional information.

The Association will make a good faith effort to respond to the appeal within ten (10) business days from the date of receipt. If the appeal request is successful, the \$1,500 fee will be returned to the sponsor.

## **SECTION 8 - COST CERTIFICATION**

### **8.1 Applicability of Cost Certification**

Prior to issuance of the Low-Income Housing Credit Allocation Certification (IRS form 8609), for developments requesting Allocation Certification, the Association will require a cost certification prepared by an independent third-party Certified Public Accountant.

#### **8.1.1 Cost Certifications Completed by Other Fund Providers**

If a cost certification has been provided for a lender, equity provider, USDA Rural Development, or HUD, a copy of such certification will be acceptable to the Association providing it meets the Association's requirements. In lieu of such certification, the form contained in Exhibit G shall be submitted to the Association. In any event, all certifications must include a certification signed by the accountant and acceptable to the Association which clearly indicates the method of certification and addresses all identities of interest.

### **8.2 Requirements**

The Cost Certification shall include the following:

- a) The accountant preparing the cost certification must certify that all costs are related to the development and do not include costs for organization, syndication or professional fees or consultant fees related to syndication;
- b) All fees, including the developer fee, paid to the developer or to an entity with an identity of interest with the developer must be clearly identified.
- c) If the land or property is purchased from a related party, the owner must submit an independent MAI appraisal to substantiate fair market value;
- d) Legal fees related to land acquisition must be clearly identified;
- e) Interest expense related to land must be clearly identified; and
- f) The sources of all funding including loans and terms of said loans, tax credit proceeds, developer equity and all other sources must be certified.

### **8.3 Compilation of Cost Verification Data**

Cost Verification information must be compiled in an orderly fashion in accordance with cost categories set forth in the Low-Income Housing Tax Credit Application, utilizing the form set forth in Exhibit G.

### **8.4 Authority to Determine Maximum Qualified Basis**

The Association may challenge the costs provided in the Certification; impose the limitations set forth in this Plan and at its sole discretion determine the maximum qualified basis against which credit is allocated.



## **SECTION 9 - ARCHITECTURAL REQUIREMENTS**

### **9.1 Threshold Architectural Requirements**

In addition to local, state and federal laws, developments receiving tax credit allocations must, at a minimum, meet the applicable requirements adopted by Idaho Housing and Finance Association ("IHFA") as set forth below and to be certified by an Idaho licensed architect (refer to Exhibit C-1 and Exhibit D-1):

Where relevant, housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, flooding, wildfires, etc.) in accordance with State and local codes, ordinances, or other State and local requirements.

*NOTE: The intent is that all code and standards cited are the most current versions. If/when there is an overlap and/or conflict between standards, the more stringent requirement(s) will be applied.*

- American National Standard Institute ICC A117.1
- ASHRAE 90.1 for Multifamily Buildings
- International Energy Conservation Code
- International Building Code
- International Mechanical Code
- International Plumbing Code
- International Existing Building Code
- National Electrical Code
- Fair Housing Accessibility Guidelines
- Section 504 of the Rehabilitation Act
- Americans with Disabilities Act (ADA)
- Uniform Federal Accessibility Standards (UFAS)

#### **Additional Standards for Rehabilitation Developments:**

- Uniform Physical Conditions Standards (UPCS)
- Rehabilitation Standards as stated in Exhibit C-1 and Exhibit C-2 in the HOME Investment Partnerships & Housing Trust Fund Programs Administrative Plan (for developments receiving HOME and/or Housing Trust Funds)
- U.S. Environmental Protection Agency's ("EPA") Renovation, Repair, and Painting Rule ("RRP") applies if the development was constructed on or before January 1, 1978. If federal assistance is received, the development must also comply with the HUD Lead Safe Housing Rule.

#### **Additional IHFA Requirements (for all developments):**

- Broadband Infrastructure Installation for all developments unless the Association has determined that the cost places an undue financial burden on the development, or the development's location or structure makes installation infeasible.
- Green Building Requirements:
  1. Use of Low or no VOC paints, primers, adhesives, and sealants
  2. Energy Star rated refrigerators and dishwashers  
(100% with new construction, replacements with rehabilitation)
  3. 50% or more of the total lighting to be high efficiency bulbs/lamps (CFL, LED)

➤ Minimum Unit Size Standards:

Studio	450 sq ft
1 Bedroom	600 sq ft
2 Bedroom	750 sq ft
3 Bedroom	1,000 sq ft
4 Bedroom	1,200 sq ft

All developments must meet IHFA Minimum Unit Size Standards and include Broadband Infrastructure, unless a waiver is approved by the Association. To receive approval of a waiver, sponsors must include with their application a detailed written explanation that includes third-party justification. If the sponsor chooses, a request for a waiver may be submitted to the Association prior to the application round deadline. The Association will make a good faith effort to respond to the request in writing provided that the request is made within a reasonable time frame prior to the application deadline.

Structural development design components that are unique or dissimilar to neighborhood type and amenities, or typical affordable housing design and construction norms, may require prior review and approval by the Association.

## **SECTION 10 - DEVELOPMENT REVIEW**

### **10.1 On-Site Visits**

Association personnel or the Association's consulting architect may make on-site visits of the development during construction provided sponsor receives 24-hour notification. Said visits shall not interfere with construction progress.

### **10.2 Disclaimer of Liability**

The Association assumes no responsibility to make inspections during construction and assumes no liability for construction quality or code compliance. The standards set forth above are minimum requirements for tax credit developments but do not imply that such minimum standards assure minimum health or safety requirements. These are the responsibility of state and local jurisdictions and/or the development sponsor.

## **SECTION 11 - DEVELOPMENTS FINANCED BY TAX-EXEMPT BONDS**

### **11.1 Eligibility**

If 50% or more of a development's aggregate basis of buildings and land are financed with tax-exempt bonds, the development may receive a maximum 30% present value credit calculated against the development's qualified basis without causing a reduction in the state's annual credit ceiling. Tax-exempt bond developments are governed by the *Tax Exempt Multifamily Housing Bond Administrative Plan* and are subject to evaluation within the guidelines of this Qualified Allocation Plan.

### **11.2 Processing**

Sponsors of developments financed by tax-exempt bonds may make application for tax credits at any time throughout the calendar year provided that there is Volume Cap available for the issuance of the bonds. Tax-exempt developments will be reviewed by the Association under the procedures and threshold requirements set forth in this Qualified Allocation Plan, but will not be required to compete in the application rounds mentioned in Section 3.1. Although, if at the time of application, other development(s) are proposed for the same market area, tax credit will be awarded only if evidence found in submitted market studies indicates that there is sufficient market demand for all the proposed developments. If there is not sufficient market demand for multiple developments, the development(s) that receives the higher score under the Selection Criteria Point Threshold will be awarded the tax credit. Housing Sponsors are encouraged to contact the Association's Project Finance Department for general information and/or specific guidelines.

### **11.3 Allocation Requirements**

Tax-exempt bond developments will be subject to Development Evaluations and Cost Certification, and the amount of credit applicable to the development will be established by the Association. Consideration will be given to the sources and uses of the funds, any proceeds generated by reason of tax benefits, the total financing planned for the development and the percentage of the housing credit dollar amount used for development costs other than the cost of intermediaries. Provided the Association approves the Sponsor's application, a Conditional Commitment will be issued stating the credit determination of the Association subject to eligibility and compliance with §42 and related regulations. The Conditional Commitment must be accepted and returned to the Association within ten (10) business days of issuance and accompanied with the appropriate fee.

## **SECTION 12 – INCOME AVERAGING IN TAX-EXEMPT BOND DEVELOPMENTS**

The Consolidated Appropriations Act (“The Act”) of 2018 permanently establishes income averaging as a minimum set-aside election for new tax credit developments in addition to the 20-50 or 40-60 standards already contained in IRC Section 42. Income averaging allows developments to serve households earning as much as 80 percent of area median income (“AMI”) provided the average income/rent limit in the property equals 60 percent or less.

General requirements of income averaging are listed below:

- Owners electing income averaging must commit to having a minimum of 40 percent of the units in the development affordable to eligible tenant households.
- Income averaging applies to both the designated income and rent levels of the unit, not just the incomes of individual households.
- With income averaging, area median income and rent targeting can only be established at 10 percent increments from 20 percent to 80 percent.
- The minimum set-aside election for income averaging is made on the Form 8609 and is irrevocable. Existing developments which have already placed in service are not eligible to change their minimum set-aside election to income averaging.
- The 30% AMI income and rent level for purposes of income averaging for LIHTC is not the same as the Housing Trust Fund’s “Extremely Low-Income” limits. “Extremely Low-Income” is defined as the greater of 30% of AMI or the federal poverty line for an applicable household size. If there is a conflict, the most restrictive income and rent designations will prevail. Developments with layered financing need to be mindful of the requirements of other financing sources.
- The Act mentioned above modifies IRC Section 42 to allow for income averaging, but neglects to modify IRC Section 142 which governs multifamily housing bonds. Consequently, income averaging is allowed in bond-financed developments only if the income averaging minimum set-aside election and the tax-exempt bond minimum set-aside (20-50 or 40-60) are both independently satisfied.

Association policy:

The income averaging election in Idaho is available for only 100% affordable tax exempt bond financed developments.

In targeting specific AMI levels, reasonable parity between different bedroom sizes and unit types at each targeted income/rent level must be offered at the development. Units must be disbursed in a manner that does not violate Fair Housing.

The market study submitted with the request for housing credits must reflect adequate rental demand for the proposed AMI levels and unit types.

THIS POLICY IS SUBJECT TO CHANGE IN THE EVENT THE IRS ISSUES FURTHER GUIDANCE ON INCOME AVERAGING. Housing sponsors should consult their own tax, legal, and accounting advisors before electing this option and be aware of potential risks associated with electing income averaging. Housing sponsors are solely responsible for satisfying the requirements of Section 42 and Section 142 of the Internal Revenue Code and should seek advice from appropriate legal and tax professionals to ensure a successful development. The above mentioned criteria is based on general public information and may be incomplete. The Association will not be held responsible for income averaging elected by the sponsor or developer.

## **SECTION 13 - ALLOCATION LIMITATIONS**

### **13.1 Allocation Limitations**

During the allocation process, the following limitations shall apply:

#### **13.1.1 Limitation on the Amount of Credit to Any One Sponsor or Developer**

As determined by the Allocating Agency in its sole discretion, the maximum annual tax credit assigned to any one sponsor or developer, including related persons thereof or agents thereof, or any person having an identity of interest with any such sponsor or developer, related persons thereof or agents thereof, or any combination of the foregoing, shall be \$2,000,000 in no more than three (3) in-process developments. In-process developments will include developments which have received tax credits from prior application rounds and from the 2020 application round carryover allocations, and will include all credits outstanding until the developments are placed in service. A development is placed in service when construction or rehabilitation is complete for all buildings and shall be evidenced by issuance of certificates of occupancy. This limitation is effective during the competitive Application Round, but may, at the sole discretion of the Association, be waived if sufficient applications are not received and approved.

Tax Exempt Bond developments awarded tax credit will not be included in these credit limitations.

"Sponsor" is defined as the owner of the development, and includes any related party and/or any individual or legal entity with an identity of interest or other ownership interest in the proposed development.

"Developer" is an individual or legal entity involved with the acquisition of land, construction of a new multifamily affordable housing project, or purchasing an existing project with the intent of rehabilitating the project, in which LIHTCs are requested, and includes any related party and/or any individual or legal entity with an identity of interest or any other ownership interest in the proposed development.

*NOTE: In the event of co-sponsorship or co-development, the tax credit amount awarded to the development will be proportionately divided between the co-Sponsors or co-Developers and then be added to their respective cumulative tax credits on developments which have not yet been placed-in-service. The percentages of co-sponsorship or co-development will be determined by the information disclosed in the tax credit application and will be later verified by the Association's review of executed organization and development agreements if a tax credit award is received.*

*"Identity of interest" or "related party" means ownership of 50% or more of a separate entity of the development team ("Related Entity") by the sponsor or developer, alone or as part of a group of other persons or entities, or ownership of 50% or more of the respective sponsor or developer by the Related Entity. In this definition, an identity of interest is present even if the sponsor or developer has no voting rights in the Related Entity, or if the Related Entity has no voting rights in the respective sponsor or developer. Registered agents, executive directors, officers, employees, or family members of such sponsor, developer or Related Entity may be considered as a "related party."*

*The limitation on the amount of credit awarded to any one sponsor or developer per application round is mentioned in Section 4.1.*

#### **13.1.2 Limitation on Transfers**

Tax credit reservations, conditional commitments, and/or carryover allocations may not be transferred. It is anticipated that the Developer and the general partner(s), manager(s), or managing member(s) designated in the application will participate in the development of tax credit developments, and any unapproved changes in Developer or general partner status may result in forfeiture of the reservation, conditional commitment, or carryover allocation. An exception to this requirement will be made in the event the development is perpetually affordable and the Association is aware of, and agrees to, the anticipated transfer at the time of reservation.

#### **13.1.3 Site and Development Specificity**

Tax credit reservations and conditional commitments are site and development specific unless written approval of change is obtained from the Association. Changes in development composition or changes in the project site may be approved provided the development remains within the same market area, and the development continues to achieve selection criteria points equal to or greater than those awarded to the original development. Material development changes or a site change will necessitate a re-evaluation of the development, and sponsors will be required to submit a revised application and an additional application fee. Those developments in the reservation stage will continue to be subject to the original reservation expiration date. (See Development Relief (Section 15.3) for any exceptions.) If HOME funds are awarded, the proposed development must meet HUD Site and Neighborhood Standards.

#### **13.1.4 Association's Right to Reject Applications**

Notwithstanding anything else herein to the contrary, the Association reserves the right:

- a) to reject any application for a tax credit if, in its sole discretion, the proposed development is not consistent with the goals of providing decent, safe and sanitary housing for low-income persons as set forth in its enabling legislation or does not meet the requirements of §42 of the U.S. Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder or, the Association may impose additional conditions on the application of any development in order that such development can meet said requirements;
- b) at its sole discretion, to reject or discount applications from previous program participants who have failed to complete their developments in accordance with the applications and/or certified plans presented to the Association; who have failed to effectively utilize allocated tax credits; or who have §42 developments in substantial noncompliance;
- c) to reject applications which, in the sole discretion of the Association are not consistent with the proper and effective utilization and allocation of the housing credit under the Qualified Allocation Plan and §42 of the Code; and,

- d) to verify all information submitted in the application and to reject any applications which include misrepresentations or information which is not readily verifiable (the Association is under no obligation to conduct such verifications, but may do so at its option).

#### **13.1.5 Limitation of Liability**

No member, officer, agent or employee of the Idaho Housing and Finance Association nor any other official of the State of Idaho, including the Governor thereof, shall be personally liable concerning any matters arising out of, or in relation to, the allocation of Low-Income Housing Tax Credits or the approval or administration of this plan.

#### **13.1.6 Disclosure of Application Information**

All information contained in an application and submitted with an application may be disclosed to the public by the Idaho Housing and Finance Association after a decision is made on the application, with the exception that appraisals, if any, provided by a third party to IHFA may be exempt from disclosure under the Idaho Public Records Act. A “market feasibility study” is defined as a study required in order to assist the sponsor and/or IHFA to determine a need for, and marketability of, affordable units in the area where the development is to be located. An “appraisal” is defined as a study that includes a determination of the market value of the project for lending purposes.

A written explanation shall be available to the general public for any allocation of a housing credit dollar amount which is not made in accordance with established priorities and selection criteria contained in this Qualified Allocation Plan as permitted by Section 42(m)(1)(A)(iv) of the code. Consistent with this provision, the Association, at its sole discretion, may elect to waive or not to enforce a provision which it views as unworkable or undesirable.

#### **13.1.7 Association Evaluation Is Not a Warranty**

Issuance of a tax credit reservation, tax credit conditional commitment, tax credit carryover allocation, or Low-Income Housing Allocation Certification (IRS 8609) by the Association shall not constitute or be construed as a representation or warranty as to the feasibility or viability of the development or the development’s ongoing capacity for success or any conclusions regarding any matter of federal or state income tax law.



## **SECTION 14 – COMPLIANCE**

### **14.1 Compliance Monitoring**

Sponsors/owners are responsible for ensuring compliance with all aspects of the Low-Income Housing Tax Credit (LIHTC) program. Additionally, all developments receiving Tax Credits are subject to compliance monitoring and reporting procedures by the Association. Specific guidelines pertaining to monitoring and reporting are included in the Low-Income Housing Tax Credit Compliance Manual that is made available to all development sponsors/owners. Sponsors/owners are strongly encouraged to obtain the Compliance Manual, and to become thoroughly familiar with all aspects of program compliance contained within the Manual.

The Low-Income Housing Tax Credit Compliance Manual is incorporated into this Qualified Allocation Plan by reference. The monitoring procedures contained therein, while not all-inclusive, provide a detailed outline of the processes that will be followed in determining compliance with the fundamental requirements of Section 42 of the Internal Revenue Code. They are subject to amendment or change in order to ensure continuing conformance with Internal Revenue Service requirements.

### **14.2 Compliance Procedures**

The Association's compliance monitoring procedures focus on multiple aspects of development operations comprised of daily rental operations and maintenance, annual activities, and requirements that span the life of the project. Areas and activities subject to review and monitoring include:

- *Record-Keeping*
- *Set-Aside Requirements*
- *Income-Qualifying Tenants*
- *Leasing Activities*
- *On-Going Occupancy*
- *Maintenance and Physical Condition*
- *Project Amenities*
- *Eligible Basis*
- *Overlay of Other Assistance Programs*
- *Dispositions of Tax-Credit Developments*
- *Reporting Program Non-Compliance*
- *Annual Costs of Monitoring*
- *Annual Reporting Requirements*
- *Monitoring Extended-Use Periods*
- *Submission of demographic and economic information on tenants residing in LIHTC-financed properties.*

Housing sponsors/owners are reminded that they are ultimately responsible for all aspects of compliance with Low-Income Tax Credit Housing program requirements. The Association's Compliance Manual is not an all-inclusive document, and should not be relied upon in lieu-of Section 42 LIHTC program provisions, rules, and requirements. The Manual is provided in order to disclose the procedures that will be followed in on-going monitoring of program compliance.

### **14.3 Changes in Ownership and/or Property Management Agent**

Any change in the ownership entity or the property management agent subsequent to reservation and throughout the extended use period must be approved in writing by the Association. Failure to secure such approval may result in forfeiture of the tax credit.

### **14.4 Management Plan**

The Association requires submission of a copy of the development's executed Management Plan at the time the development applies for Form 8609(s). The Association's Compliance Department will be monitoring the Management Plan and related Tenant Selection Policy throughout the extended use period.

The management plan must address, but is not limited to, the following topics:

- Owner-Management company arrangements;
- Maintenance personnel and procedures;
- On-site manager(s) responsibilities and training;
- Units designated for staff;
- Tenant Selection Policy, with waitlist preferences listed;
- Supportive Services Plan, if applicable;
- Rent collection procedures & policies;
- House Rules;
- Affirmative Marketing Plan;
  - ✓ Provision for staff training;
  - ✓ Advertising; and
  - ✓ ADA concerns.
- Termination of lease and eviction procedures;
- Copy of residential lease forms and applications proposed to be utilized for the development. Lease forms must contain Violence Against Women Act ("VAWA") protection provisions;
- Copy of tenant income certification form for determining resident eligibility; and
- Oversight and Compliance Agreement (if applicable or required by the syndication company).

### **14.5 Property Manager(s)**

All property managers are required to receive, or will receive within 90 days, adequate program-specific training (LIHTC, HOME, HTF, Sec. 8, etc.) from experts recognized within the industry. Maintenance staff are also encouraged to receive adequate program-specific

training. The Association reserves the right to accept any alternate system of controls and procedures that will provide a reasonable assurance relative to management capacity.

The Association also reserves the right to require Association approved third party quality control and/or training of any management agent without adequate experience or demonstrated poor performance. Fees for third party oversight are the responsibility of the owner/agent.

## **SECTION 15 - AMENDMENTS TO QUALIFIED ALLOCATION PLAN: MISCELLANEOUS**

### **15.1 Plan Amendments**

Upon approval by the Association's Board of Commissioners and in compliance with all applicable procedural requirements of §42 of the Internal Revenue Code, the Association may, prior to or during the allocation year, amend the Qualified Allocation Plan when changes are necessary to administer the Low-Income Housing Tax Credit Program to effectively serve the low-income housing needs in the state and to conform with amendments to §42 of the Internal Revenue Code. All program participants will be notified of amendments in writing.

### **15.2 Inconsistencies With Section 42**

If any provision of this Qualified Allocation Plan is inconsistent with the provisions of §42 of the Internal Revenue Code, including any future amendments thereto, or any existing or new regulations governing the tax credit, the plan will be amended accordingly and the Association's Board of Commissioners, the Governor and all program participants will be notified, in writing, of such amendments.

### **15.3 Development Relief**

The Association may on a one time basis per development, at its sole discretion, provide relief and/or assistance under this Qualified Allocation Plan, including without limitation, the return and reallocation of tax credit to accommodate developments that encounter hazards, disasters, or other issues that may delay the timely completion of the development. This may also include the disapproval or denial from local or public officials in regard to the development site, or unforeseen events that adversely affect the economic feasibility or viability of the proposed development.

The Association may determine and collect a reasonable fee to compensate for the loss of tax credit subsidy to the State if development relief results in the prohibition of participation in the National Pool. A \$3,000 application fee will be required if the development is requesting development relief consideration. Please note that in the instance an additional award of credit is received, Reservation and Allocation fees will be collected on the additional credit amount.

## **SECTION 16 - HUD ASSISTED DEVELOPMENTS**

### **16.1 Reductions of Credit Required by Subsidy Layering Requirements**

Sponsors who receive tax credit reservations or allocations of Low-Income Housing Tax Credit in combination or conjunction with some form of HUD assistance are subject to Subsidy Layering Review requirements under §42 911 or §42 102 related to such transactions and the tax credit or HUD assistance may be reduced as necessary to satisfy HUD in accordance with its established subsidy layering guidelines.

### **16.2 Safe Harbor Limitations**

Subject to development evaluation and a determination that Safe Harbor limitations will prohibit the development of the development, the published Safe Harbors in §42 911, Subsidy Layering Review Guidelines will be, to the extent allowable, raised to "ceiling" standards for developer fees and syndication expenses. The builder's profit will be reviewed under the alternative methodology which corresponds with the limitations set forth in the Evaluation Section 7 herein.

## **SECTION 17 – QUALIFIED CONTRACT PROCESS**

### **17.1 Eligibility**

If such rights have not been waived in the Low-Income Housing Tax Credit Regulatory Agreement or said Agreement does not provide for such right, Section 42(h)(6)(E)(i)(II) of the Internal Revenue Code allows the owner to opt out of the Low-Income Housing Tax Credit program after the compliance period ends, if the owner requests, and the Association, within a one year time period, is unable to present a “qualified contract” with a price determined under Section 42(h)(6)(E)(i)(II) of the Internal Revenue Code as interpreted by the Association and calculated using the Association’s forms and directives, by a person or entity who is willing to purchase the development and maintain its affordability. The Association reserves the right not to permit the Qualified Contract in future Regulatory Agreements.

To guide the owner through the qualified contract process, the Association has developed a request form and worksheets that outline submission requirements. The forms may be obtained by contacting the Compliance Department. These materials are subject to change in order to comply with federal tax statutes and regulations.

Before requesting a qualified contract from the Association the following conditions must be met:

- The right to request a qualified contract in the year provided in the applicable tax credit regulatory agreement must not have been waived in the Low Income Housing Tax Credit Regulatory Agreement.
- At minimum, 14 years of the compliance period provided in the applicable tax credit regulatory agreement must be completed for all buildings. For developments with multiple buildings that were placed in service in different years, this means the end of the year provided in the applicable tax credit regulatory agreement of the last building in the development that was placed in service.
- The tax credit property must be in compliance with all Section 42 requirements. All violations must be corrected prior to the request.
- The development must secure a complete, unconditional waiver of all purchase options, including the right of first refusal from a nonprofit general partner.

The Association may exercise administrative discretion in evaluating and acting upon a Housing Sponsor’s request to find a buyer to acquire the building. The Association’s one-year period to find a buyer to acquire the low-income property shall not begin until a complete request has been submitted and a \$20,000 application fee has been received. Once the one-year period has begun, the Association may determine whether failure to follow one or more requirements suspends the running of that period. Lack of cooperation by the Housing Sponsor in the marketing of the development or in providing requested documentation will cause the qualified contract process to cease and will result in the development being held to the original requirements mentioned in the Low-Income Housing Tax Credit Regulatory Agreement. The Association reserves the right to reject subsequent qualified contract requests if a Housing Sponsor has previously submitted a request for a qualified contract and then rejected or failed to act upon a qualified contract presented by the Association.

## **17.2 Debarment of Certain Appraisers**

The Association shall not utilize any individuals or organization as an appraiser if that individual or organization is currently on any list for active suspension or revocation for performing appraisals in any State or is listed on the System for Award Management (SAM) maintained by the General Services Administration for the United States Government found at <https://www.sam.gov/SAM/pages/public/searchRecords/search.jsf>

## **17.3 Presentation of a Qualified Contract**

Once the Association presents a qualified contract to the owner with a price determined under Section 42(h)(6)(E)(i)(II) of the Internal Revenue Code as interpreted by the Association and calculated using the Association's forms and directives, the possibility of terminating the extended use period is removed forever and the property remains bound to the extended use period mentioned in the Low-Income Housing Tax Credit Regulatory Agreement. There is no requirement in the Internal Revenue Code that requires that the prospective buyer actually purchase the property. Whether or not the seller executes a contract and closes the transaction is a separate, legally unrelated matter.

## **17.4 Release of the Low-Income Housing Tax Credit Regulatory Agreement**

If the Association fails to present a qualified contract to the owner with a price determined under Section 42(h)(6)(E)(i)(II) of the Internal Revenue Code as interpreted by the Association and calculated using the Association's forms and directives before the end of the one-year period, the development will no longer be restricted to the requirements of the Low-Income Housing Tax Credit Regulatory Agreement and will be free to convert to market. However, in accordance with Section 42(h)(6)(E)(ii) of the Internal Revenue Code, the owner may not evict or displace tenants of low-income units for reasons other than good cause and will not be permitted to increase rents beyond the maximum tax credit rents for a three-year decontrol period following the termination of the agreement.

Prior to the release of the Low-Income Tax Credit Regulatory Agreement, the Association will require correction of all instances of noncompliance with regard to the physical condition of the property and will also require certification from the owner that the tenants in the development have been notified in writing of their rights during the three-year period. The Association's Compliance Department will continue to monitor the development through the three-year decontrol period.

## **EXHIBIT A: TAX CREDIT DISTRIBUTION SUMMARY**

### **AUGUST 2021 APPLICATION ROUND: 2022 Credit.**

Nonprofit Set-Aside:	10% of the State's estimated 2022 credit ceiling.
Special Housing Need Set Aside	<p>Upon determination of a special housing need within the state, the Association at its sole discretion may set-aside up to 15% of the annual per capita tax credit amount to address this housing need.</p> <p>If this set-aside is not utilized by the Association or if qualified applications are not received, the set-aside will be made available for Non-Targeted distribution.</p> <p>If utilized, the Association will announce specific guidelines which may apply to the application for these funds a minimum of 180 days prior to the application round.</p>
Preservation Set-Aside	10% of the State's estimated 2022 per capita tax credit, if qualified applications are received, otherwise any excess available for Non-Targeted distribution.
Rural Set-Aside:	15% of the State's estimated 2022 per capita tax credit, if qualified applications are received, otherwise any excess available for Non-Targeted distribution.
Non-Targeted Distribution:	The balance of the State's estimated 2022 per capita tax credit will be available to all qualified applications, including any current applications that may not have been funded through a specific set-aside category.

At the Association's sole discretion, additional application rounds may be announced if needed to effectively utilize the housing credit giving a 90-day notice. Returned or carryforward tax credit may be awarded outside of an application round following the conditions mentioned in Section 3.2.2.



## **EXHIBIT B: APPLICATION REQUIREMENTS**

A. Application for Tax Credit Reservation or Tax-Exempt Bond Conditional Commitment shall include:

01. LIHTC/HOME/HTF Application, with the following application exhibits:
02. Exhibit A – Selection Criteria & Preference Points Self Score with certifications or other documentation required to substantiate eligibility for Selection Criteria and Preference Points;
03. Exhibit B – Previous Participation Certificate for Sponsor/Owner;
04. Exhibit B – Previous Participation Certificate for Developer;
05. Exhibit C – Previous Participation Certificate for Property Management Agent;
06. Exhibit F – Affirmative Fair Housing Marketing Plan;
07. Exhibit G – Sponsor Certification;
08. Letter(s) of interest or commitment(s) from proposed construction and permanent Lender(s) Said document(s) to identify and outline the specific terms (i.e., pricing, costs, structure, required reserves, etc.) either being offered or proposed;
09. Letter of Interest for Equity Provider 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.;
10. Calculations or explanations for estimated construction loan interest, required reserve amounts, or unusual fees that are included in total development costs;
11. Documentation regarding the terms and conditions of any proposed subsidies, donations, or grants;
12. Documentation substantiating utility allowance calculations;
13. 30-year pro forma;
14. If a request for the state-determined basis boost is included in the application (see Section 5.6), 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;
15. Narrative description of the development;
16. 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. See Exhibit H for Market Study Requirements;
17. Legal description;
18. Location map;
19. Sketch plan of site, typical unit layout, building elevations;

20. Evidence of initial site control (purchase agreement, option, etc.);
21. 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);
- 22.. Résumés for Sponsor(s);
23. Résumé for Developer(s);
24. Résumé for General Contractor;
25. Résumé for Property Management Agent;
26. Résumé for Consultant; if applicable
27. Nonprofit Corporation – Articles of Incorporation;
28. Nonprofit Corporation – IRS confirmation of status;
- 29.. Affirmatively Furthering Fair Housing Resolution from the local municipality where the proposed development is to be located;
30. The local jurisdiction's most recent Fair Housing Assessment Plan or Analysis of Impediments to Affirmatively Further Fair Housing as submitted and reviewed by the State of Idaho's CDBG Program (Department of Commerce); or a Fair Housing Assessment Plan completed by the local jurisdiction, that meets the requirements of the State of Idaho's CDBG Program;
31. Acquisition Credit – 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.  
  
CPA or legal opinion letter is not required if the acquired property is 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;
32. Acquisition Credit – Current (6 months or less) 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;  
  
\*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;
33. 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;
34. Rehabilitation Credit – Three (3) years of the most current financial statements for the existing development and a current year-to-date operating statement;
35. Rehabilitation Credit – An architect’s preliminary 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 (see Exhibit C-1 for required form);

36. Rehabilitation Credit – A plan for covering the costs and logistics of displacement for all persons impacted by the rehabilitation;
37. Rehabilitation Credit – If applicable, a letter of acknowledgement and/or commitment from the provider (HUD, USDA RD, etc.) that the current rental assistance will continue in force, or be extended for a given period of time. The letter needs to include the maturity date of contract/subsidy and rental assistance amount;
38. Rehabilitation Credit – Current (no more than 12 months old) Level I Environmental Report conducted by a professional firm approved by the Association;
39. Rehabilitation Credit – If the development was built prior to January 1, 1978, a current (no more than 12 months old) Lead-Based Paint Risk Assessment conducted by an Environmental Protection Agency (“EPA”) Certified Risk Assessor. Exemptions from this requirement match those contained in HUD’s Lead Safe Housing Rule – CFR Title 24- Subtitle A – Part 35 – Subpart B - §35.115

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 currently has or is requesting HUD funding, the HUD’s Lead Safe Housing Rule must also be followed; and

40. Rehabilitation Credit – Current (no more than 12 months old) Physical/Capital 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.

Applications for additional tax credit do not require above documentation 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:

- 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.

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

1. Owner's Certificate and Agreement;
2. Updated Tax Credit Application, including Sponsor Certification (Exhibit G of the application);
3. Updated documentation substantiating utility allowance calculations;
4. Updated legal description of the site, (if not provided earlier);
5. 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;
6. 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;

7. If an identity of interest exists between the Sponsor and the Seller of the property, a fair market appraisal by an independent MAI appraiser conducted within the last 12 months;
8. IRS confirmation of Tax Identification Number for the Sponsor entity;
9. Applicable fees;
10. Executed Management Agreement and Management Plan that includes Tenant Selection Policy;
11. Supportive Services Plan, if the development has received Selection Criteria Points for Permanent Supportive Housing.
12. Executed Limited Partnership Agreement or LLC Operating Agreement, as amended; and
13. Recorded Low-Income Housing Tax Credit Regulatory Agreement (if not provided earlier)

NOTE: The Tax Credit Carryover Allocation or the Tax Exempt Bond Conditional Commitment will be conditioned upon the delivery of the following items once construction starts:

- a) Evidence of permissive zoning (i.e., conditional use approval, if applicable);
- b) Executed Architect Contract;
- c) Executed Development Agreement, specifying the developer fee and method of payment;
- d) If applicable, executed contract or agreement for consultant services which sets out services provided as well as fee structure;
- e) Executed Construction Contract;
- f) Executed 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) Construction financing promissory note.

1-year Extension : In the instance a 1-year extension (from the date of carryover allocation) to complete the 10% test has been requested (See Section 4.14), items 1, 2, 3, 4, 8, and 9 will be required on or before November 15<sup>th</sup> of the credit year, and items 5, 6, 7, 10, and 11 will be due no later than 1 year after the date of the Carryover Allocation. 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 (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. Executed permanent loan documents, in particular the Note, recorded Deed of Trust, and Owner's Title Policy;
7. Cost Certification by Certified Public Accountant in accordance with the Allocation Plan (See Exhibit G for format);
8. Executed "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, executed "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. 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.

## **EXHIBIT C-1: PRELIMINARY ARCHITECT CERTIFICATION**

I have examined the drawings and specifications dated \_\_\_\_\_ prepared by \_\_\_\_\_ (architect) and related to the development known as \_\_\_\_\_ (development name) located in \_\_\_\_\_ (city, state), consistent with the services required by the architectural agreement, and hereby certify, to the best of my knowledge and belief, these documents will incorporate the applicable local, state and federal laws designated as the development standard for the development, applicable local health, safety and building codes, and the additional requirements adopted by Idaho Housing and Finance Association ("IHFA") as set forth below:

Where relevant, housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, flooding, wildfires, etc.) in accordance with State and local codes, ordinances, or other State and local requirements.

*NOTE: The intent is that all code and standards cited are the most current versions. If/when there is an overlap and/or conflict between standards, the more stringent requirement(s) will be applied.*

- American National Standard Institute ICC A117.1
- ASHRAE 90.1 for Multifamily Buildings
- International Energy Conservation Code
- International Building Code
- International Mechanical Code
- International Plumbing Code
- International Existing Building Code
- National Electrical Code
- Fair Housing Accessibility Guidelines
- Section 504 of the Rehabilitation Act
- Americans with Disabilities Act (ADA)
- Uniform Federal Accessibility Standards (UFAS)

### **Additional Standards for Rehabilitation Developments:**

- Uniform Physical Conditions Standard (UPCS)
- Rehabilitation Standards as stated in Exhibit C-1 and Exhibit C-2 in the HOME Investment Partnership & Housing Trust Fund Programs Administrative Plan (for developments receiving HOME and/or Housing Trust Funds)
- U.S. Environmental Protection Agency's ("EPA") Renovation, Repair, and Painting Rule ("RRP") applies if the development was constructed on or before January 1, 1978. If federal assistance is received, the development must also comply with the HUD Lead Safe Housing Rule.

### **Additional IHFA Requirements (for all developments):**

- Broadband Infrastructure Installation for all developments unless the Association has determined that the cost places an undue financial burden on the development, or the development's location or structure makes installation infeasible.
- Green Building Requirements:
  1. Use of Low or no VOC paints, primers, adhesives, and sealants
  2. Energy Star rated refrigerators and dishwashers (100% with new construction, replacements with rehabilitation)
  3. 50% or more of the total lighting to be high efficiency bulbs/lamps (CFL, LED)
- Minimum Unit Size Standard:

Studio	450 sq ft
1 Bedroom	600 sq ft
2 Bedroom	750 sq ft
3 Bedroom	1,000 sq ft
4 Bedroom	1,200 sq ft

(Certification signatures on following page)

**EXHIBIT C-1: PRELIMINARY ARCHITECT CERTIFICATION (continued)**

\_\_\_\_\_  
Date (Idaho Stamp)

\_\_\_\_\_  
Architect

Based on the foregoing representations by the Architect, the owner certifies that the development will be constructed in accordance with the requirements set forth above.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sponsor

## **EXHIBIT C-2: PRELIMINARY ARCHITECT CERTIFICATION FOR GREEN BUILDING**

As a licensed architect, I hereby certify, to the best of my knowledge and belief, that the standards or components below will be incorporated into the drawings and specifications for \_\_\_\_\_, located in \_\_\_\_\_.

*NOTE: The intent is that all code and standards cited are the most current versions.*

- ☐ LEED for Homes
- ☐ NW Energy Star
- ☐ ICC 700 National Green Building Standard
- ☐ Enterprise Green Communities
- ☐ Indoor Air Plus
- ☐ Passive House Institute US (PHIUS) or Passive House Institute (PHI)

OR

### Individual Green Building Components:

- ☐ Ceiling fans in living room and bedrooms in all residential units
- ☐ "No added-urea-formaldehyde" cabinets
- ☐ Occupancy sensor lighting in interior community areas
- ☐ 100% of the total lighting to be high efficiency bulbs/lamps (CFL, LED)
- ☐ Continuous Ventilation – high efficiency bathroom fans with timer or humidistat, or an energy recovery ventilator "ERV"
- ☐ Green label certified low-emission carpet/pad/adhesive
- ☐ SCS FloorScore certified hard surface flooring
- ☐ Energy Star certified water heaters
- ☐ Xeriscape landscaping and high efficiency irrigation
- ☐ Metal or long lasting roofing (30 year warranty – minimum)
- ☐ High Efficiency HVAC equipment (must exceed minimum building code requirements)
- ☐ Water saving shower heads, toilets, faucets
  - Bathroom faucets:  $\leq 1.0$  gpm
  - Kitchen faucets:  $\leq 1.5$  gpm
  - Toilets:  $\leq 1.3$  gpf or dual-flush toilets
  - Shower heads:  $\leq 1.75$  gpm
- ☐ U-0.30 or lower rated windows (total assembly)
- ☐ Rigid foam insulation under exterior siding which provides a 20% increase over minimum building code requirements
- ☐ R-49 Value Insulation or insulation that is 5% above minimum building code requirements in attic
- ☐ Structural Insulated Panel ("SIP") roof construction with 50 R-value
- ☐ Structural Insulated Panel ("SIP") wall construction with minimum 25 R-Value
- ☐ Home Energy Rating System ("HERS") Score which is 100 or less for rehabilitation developments or 70 or less for new construction developments



**EXHIBIT C-2: PRELIMINARY ARCHITECT CERTIFICATION FOR GREEN BUILDING (continued)**

Date: \_\_\_\_\_

(Idaho Stamp)

\_\_\_\_\_  
Architect

Based on the foregoing representations by the Architect, the Sponsor certifies that the development will be constructed in accordance with the requirements set forth above.

Date: \_\_\_\_\_

\_\_\_\_\_  
Sponsor

## **EXHIBIT D-1: "AS-BUILT" ARCHITECT CERTIFICATION**

I have inspected the development known as \_\_\_\_\_ (development name) located in \_\_\_\_\_ (city, state), consistent with the services required by the architect agreement, and hereby certify, to the best of my knowledge and belief, that the development has been built in accordance with the drawings and specifications dated \_\_\_\_\_ and prepared by \_\_\_\_\_, and that such drawings and specifications incorporated, to the best of my knowledge and belief, the applicable local, state and federal laws designed as the development standard for the development, applicable local health, safety and building codes, and the additional requirements adopted by Idaho Housing and Finance Association ("IHFA") as set forth below:

Where relevant, housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, flooding, wildfires, etc.) in accordance with State and local codes, ordinances, or other State and local requirements.

*NOTE: The intent is that all code and standards cited are the most current versions. If/when there is an overlap and/or conflict between standards, the more stringent requirement(s) will be applied.*

- American National Standard Institute ICC A117.1
- ASHRAE 90.1 for Multifamily Buildings
- International Energy Conservation Code
- International Building Code
- International Mechanical Code
- International Plumbing Code
- International Existing Building Code
- National Electrical Code
- Fair Housing Accessibility Guidelines
- Section 504 of the Rehabilitation Act
- Americans with Disabilities Act (ADA)
- Uniform Federal Accessibility Standards (UFAS)

### Additional Standards for Rehabilitation Developments:

- Uniform Physical Conditions Standards (UPCS)
- Rehabilitation Standards as stated in Exhibit C-1 and Exhibit C-2 in the HOME Investment Partnerships & Housing Trust Fund Programs Administrative Plan (for development receiving HOME and/or Housing Trust Funds)
- U.S. Environmental Protection Agency's ("EPA") Renovation, Repair, and Painting Rule ("RRP") applies if the development was constructed on or before January 1, 1978. If federal assistance is received, the development must also comply with the HUD Lead Safe Housing Rule.

### Additional IHFA Requirements (for all developments):

- Broadband Infrastructure Installation for all developments unless the Association has determined that the cost places an undue financial burden on the development, or the development's location or structure makes installation infeasible.
- Green Building Requirements:
  1. Use of Low or no VOC paints, primers, adhesives, and sealants
  2. Energy Star rated refrigerators and dishwashers  
(100% with new construction, replacements with rehabilitation)
  3. 50% or more of the total lighting to be high efficiency bulbs/lamps (CFL, LED)
- Minimum Unit Size Standard:

Studio	450 sq ft
1 Bedroom	600 sq ft
2 Bedroom	750 sq ft
3 Bedroom	1,000 sq ft
4 Bedroom	1,200 sq ft

(Certification signatures on following page)

**EXHIBIT D-1: "AS-BUILT" ARCHITECT CERTIFICATION (continued)**

\_\_\_\_\_  
Date

(Idaho Stamp)

\_\_\_\_\_  
Architect

Based on the foregoing representations by the Architect, the Sponsor certifies that the development has been constructed in accordance with the requirements set forth above.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sponsor

## EXHIBIT D-2: "AS BUILT" ARCHITECT CERTIFICATION FOR GREEN BUILDING

I have inspected the development known as \_\_\_\_\_ (development name) located in \_\_\_\_\_ (city, state), consistent with the services required by the architect agreement, and hereby certify, to the best of my knowledge and belief, that the development has been built in accordance with the drawings and specifications dated \_\_\_\_\_, and prepared by \_\_\_\_\_, and that such drawings and specifications incorporated, to the best of my knowledge and belief, the standards or individual components selected below:

**NOTE:** *The intent is that all code and standards cited are the most current versions.  
(If applicable, please attach official program certification)*

- ☐ LEED for Homes
- ☐ NW Energy Star
- ☐ ICC 700 National Green Building Standard
- ☐ Enterprise Green Communities
- ☐ Indoor Air Plus
- ☐ Passive House Institute US (PHIUS) or Passive House Institute (PHI)

OR

### Individual Green Building Components:

- ☐ Ceiling fans in living room and bedrooms in all residential units
- ☐ "No added urea-formaldehyde" cabinets
- ☐ Occupancy sensor lighting in interior community areas
- ☐ 100% of the total lighting to be high efficiency bulbs/lamps (CFL, LED)
- ☐ Continuous Ventilation - high efficiency bathroom fans with timer or humidistat, or an energy recovery ventilator "ERV"
- ☐ Green label certified low-emission carpet/pad/adhesive
- ☐ SCS FloorScore certified hard surface flooring
- ☐ Energy Star certified water heaters
- ☐ Xeriscape landscaping and high efficiency irrigation
- ☐ Metal or long lasting roofing (30 year warranty – minimum)
- ☐ High Efficiency HVAC equipment(must exceed minimum building code requirements)
- ☐ Water saving shower heads, toilets, faucets
  - Bathroom faucets:  $\leq 1.0$  gpm
  - Kitchen faucets:  $\leq 1.5$  gpm
  - Toilets:  $\leq 1.3$  gpf or dual-flush toilets
  - Shower heads:  $\leq 1.75$  gpm
- ☐ U-0.30 or lower rated windows (total assembly)
- ☐ Rigid foam insulation under exterior siding which provides a 20% increase over minimum building code requirements
- ☐ R-49 Value Insulation or insulation that is 5% above minimum building code requirements in attic
- ☐ Structural Insulated Panel ("SIP") roof construction with 50 R-Value
- ☐ Structural Insulated Panel ("SIP") wall construction with minimum 25 R-Value
- ☐ Home Energy Rating System ("HERS") Score which is 100 or less for rehabilitation developments, or 70 or less for new construction developments

(Certification signatures on following page)

**EXHIBIT D-2: “AS BUILT” ARCHITECT CERTIFICATION FOR GREEN BUILDING (continued)**

Date: \_\_\_\_\_ (Idaho Stamp)

\_\_\_\_\_  
Architect

Based on the foregoing representations by the Architect, the Sponsor certifies that the development has been constructed in accordance with the requirements set forth above.

Date: \_\_\_\_\_

\_\_\_\_\_  
Sponsor

## **EXHIBIT E: UNDERWRITING GUIDELINES**

### **Acquisition Costs (Section 4.17):**

Acquisition costs will be limited to the lesser of the sale price or the current appraised value of the property, determined by a MAI appraisal, that includes both an “as is” restricted market value and an “as is” unrestricted market value (net of appraiser recommended repairs), of existing development with land value broken out separately.

In sizing the amount of acquisition tax credit awarded, the Association will use the following criteria:

- 1) If the property’s present use is not deed restricted for low-income rental housing, acquisition costs will be limited to the lesser of the sale price or the “as is” unrestricted market value as determined by the MAI appraisal; OR
- 2) If the property’s present use is deed restricted for low-income rental housing, acquisition costs will be limited to the lesser of the sales price or the “as is” restricted market value as determined by the MAI appraisal.

### **Affordability (Section 4.9.6):**

The maximum tax credit rents, less an allowance for tenant-paid utilities, must be less than the market rents for comparable units in the area where the development is to be located. If this test of affordability cannot be met, the housing sponsor would need to reconfigure the development with affordable rents and Area Median Income (“AMI”) targeting based on the next lowest established AMI category.

Applications submitted to the Association that pertain to the acquisition and rehabilitation of an existing affordable housing development that has an existing Project Based Assistance (PBA) contract in place, will not have to meet the Affordability Threshold as described in the Qualified Allocation Plan.

### **Architect & Engineering Fees (Section 7.3.9):**

Architect and Engineering Fees included in eligible basis shall be generally limited to 8% of construction costs, and typically be segmented as follows:

Service	Maximum Fee
Architect Fee	4% of Construction Costs
Engineering Fee	4% of Construction Costs
<b>TOTAL</b>	<b>8% of Construction Costs*</b>

*\*Construction costs include site work, new construction or rehabilitation, construction contingency, and exclude contractor profit, overhead, general requirements, and construction management.*

New construction developments will be held to the 8% threshold, but there may be some instances that it is acceptable for rehabilitation developments (which typically have lower costs than new construction) to exceed the 8% threshold.

### Construction Contingency (Section 7.3.11):

Construction Contingency included in eligible basis shall be limited as follows:

New Construction	not to exceed 10% of Construction Costs
Rehabilitation	not to exceed 20% of Construction Costs

*Construction costs include site work, new construction or rehabilitation, construction contingency, and exclude contractor profit, overhead, general requirements, and construction management.*

### Construction Loan Interest in Eligible Basis (Section 7.3):

Following IRS regulations, interest on a construction loan that is used for depreciable improvements can be included in eligible basis for the production period only. The Association will use the timeframe disclosed on page 21 of the tax credit application ("Construction Begins" to "Completion of Construction") to determine this period.

Terms contained in the letter of interest for the construction loan will be used in the Association's underwriting. Sponsors should include calculations or explanations for estimated construction loan interest, required reserve amounts, or unusual fees in their application for tax credits (See Exhibit B).

### Contractor & Construction Management Fees (Section 7.3.8 & Section 7.3.10):

Contractor & Construction Management fees in eligible basis shall be limited to 14% of construction costs, and typically be segmented as follows:

Type	Maximum Fee
General Requirement	6% of Construction Costs
General Overhead	2% of Construction Costs
Contractor Profit	6% of Construction Costs
<b>TOTAL CONTRACTOR FEES</b>	<b>14% of Construction Costs*</b>

*\*Construction costs include site work, new construction or rehabilitation, construction contingency, and exclude contractor profit, overhead, general requirements, and construction management.*

*Contractor and construction management fees included in eligible basis will be limited in any case where a potential identity of interest can be determined to exist, (as set forth in the matrix below). Such identities may be considered automatically to occur in the following cases:*

#### When the sponsor, developer, or consultant have any principals in common with the contractor.

*Principals are defined as individual owners, shareholders, directors, officers, employees, or authorized representative of said legal entity.*

Total Units (including manager/employee units)	Contractor Fee w/Identity of Interest Included in Eligible Basis as a percentage of Construction Costs
New Construction: 1 – 60 units	10%
New Construction: 61 or more units	8%
Acquisition/Rehabilitation All developments	10%
For all tax exempt bond developments regardless of the number of units	10%

*\*Construction costs include site work, new construction or rehabilitation, construction contingency, and exclude contractor profit, overhead, general requirements, and construction management.*

Cost Standard (Section 7.3.1):

In the application round, the Association will conduct an in-depth cost review for the top 20% of the highest per unit cost applications.

During this review, the Association may give sponsors an opportunity to provide additional third-party documentation and cost justification. Examples of third-party documentation include, but are not limited to, architect statement that addresses unusual design or material requirements, MAI appraisal that values land, census tract demographic data that supports the area of opportunity declaration, etc.

Debt Financing (Section 7.3):

Developments will be underwritten using the terms contained in the proposed lender letter of interest or commitment. The development's projected net operating income must reflect the ability to repay the debt. If the term of the loan is less than the amortization period, loan to value ("LTV") for the outstanding debt at term's end should meet lender requirements, generally not to exceed 80.00%.

*Estimated value will be determined by dividing Net Operating Income ("NOI") at the time of refinance by the capitalization ("CAP") rate mentioned in a current appraisal. If an appraisal is not available, the Association will use a 6.50% CAP rate to estimate value.*

Debt Service Coverage (Section 7.3):

In underwriting, the Association will defer to the debt service requirements of the proposed lender as stated in the letter of interest or commitment. Generally, debt service coverage for all hard debt should be at least 1.20, although there may be some instances where it is acceptable to have a higher or lower coverage.

*NOTE: In a tax exempt bond development with a large number of units and higher cash flow, it may be acceptable to have less than a 1.20 debt service coverage. Whereas a development with fewer units may require a higher debt service coverage due to limited cash flow.*

Deferred Developer Fee (Section 7.3):

Deferred developer fees will be considered a funding source provided that repayment occurs within the timeframe required by the tax credit equity provider. If this requirement is not provided, the Association will use a 12-year time frame in making this determination.

Developer Fee Limits (Section 7.3.5):

Developer fees included in eligible basis throughout the allocation process will be restricted to the same amount as reflected on the original application and may not increase if an additional award of credit is received. Developer fees include Developer overhead and profit, and any consultant fees for services normally performed by the developer.



New Construction:

Total Units (including manager/employee units)	Maximum Developer Fee as a percentage of Total Eligible Basis (before 30% increase) excluding the proposed Developer Fee
1 – 60 units	15%
61 or more units	12%
For all tax exempt bond developments * regardless of the number of units	15%

Acquisition/Rehabilitation:

Developer fees for acquisition rehabilitation developments may not exceed the percentages as identified in the tables below:

All Acquisition/Rehabilitation Developments	Maximum Acquisition Developer & Consultant Fee
Regardless of number of units	5% of Total Acquisition Eligible Basis excluding the proposed Acquisition Developer Fee

All Acquisition/Rehabilitation or Rehabilitation alone Developments	Maximum Rehabilitation Development & Consultant Fee
Regardless of number of units	15% of Total Rehabilitation Eligible Basis (before 30% increase) excluding the proposed Rehabilitation Developer-Fee

Federal Grants (Section 7.3):

Following IRS regulations, federal grants will be subtracted from eligible basis.

Historic Tax Credit (Section 7.3):

Following IRS regulations, the full amount of a historic credit award will be subtracted from eligible basis.

Income and Rent Limits: (Section 4.9.6 and Section 7):

The Association relies on Novogradac's Rent and Income Limit Calculator to determine affordable rents and income limits in any given area in the state. A hotlink is provided on the Association's website at [www.idahohousing.com](http://www.idahohousing.com) under Project & Business Financing / Multifamily Financing / Low Income Housing Tax Credits (LIHTC).

Income and Rent Targeting (Section 4.9.6 & Section 7.3):

In underwriting, the Association will increase tax credit rents to the maximum allowed for each proposed AMI level, provided the maximum tax credit rents charged are less than the market rents for comparable units in the area where the development is to be located.

Market Rents (Section 7.3):

If the development contains market units, the Association will underwrite to the market rent levels that are listed in the submitted market study.

Operating Expenses (Section 7.3.12):

The Association has established a minimum annual operating expense per unit of \$4,000 (inclusive of replacement reserves) for family developments and \$3,700 (inclusive of replacement reserves) for senior/elderly developments. Developments utilizing less than the minimum will be adjusted to the Association's minimum requirements.

Tax exempt bond development operating expenses will be established following lender or investor requirements, and may be held to a lower standard.

Operating Reserves or Other Third-Party Reserves: (Section 7.3.7):

During the Association's analysis, reserves or escrows will be recognized by the Association as a cost item if required by a lender or equity provider and documented in the letter of interest or commitment that is submitted with the tax credit application.

Project-Based Rental Subsidies (Section 7.3):

The Association will use rents as documented by the appropriate government entity, in underwriting developments with project-based subsidy (i.e., HUD Section 8 or Rural Development Section 515). Sponsor to provide documentation from government entity that evidences said rent levels.

Property Taxes (Section 7.3.12):

Given the volatility of the property tax assessments throughout the state, the Association encourages the Sponsor to contact the Assessor in the county where the development is to be located, before estimating annual property tax expenses.

Rehabilitation – Hard Costs per Unit (Section 4.17):

For a building to be considered substantially rehabilitated, rehabilitation costs during any 24-month period must equal or exceed an average of \$35,000 in "hard" rehabilitation costs per unit for developments awarded competitive (9%) tax credit, or \$25,000 in 'hard' rehabilitation costs per unit for tax exempt bond financed developments.

The "hard" rehabilitation cost requirements mentioned above are in addition to the minimum qualified basis per low income unit or the 20% of the property's adjusted basis requirements which are contained in IRC §42(e)(3)(A)(ii).

Hard rehabilitation costs include site work, rehabilitation costs for physical improvements to the property, and construction contingency (Contractor profit, contractor overhead, general requirements, architect and engineering fees, permit fees, financing or soft costs, or developer fees will not be included in this definition of "hard" rehabilitation costs.)

Replacement Reserves (Section 7.3.12):

Replacement reserves should be in line with prudent industry standards and in most instances, should not be less than the benchmarks listed in the following matrix. However, the Association in its application review will take into consideration: 1) the benchmark listed below, 2) the

replacement reserve requirement of the Tax Credit equity provider and/or the permanent lender, or 3) the replacement reserve requirement of the Physical Needs Assessment (for rehabilitation developments).

Development Type	Family	Senior/Elderly
New Construction	\$300 per unit	\$250 per unit
Rehabilitation	\$300 per unit	\$300 per unit

Subordinate Debt (Section 7.3.13):

Sponsors who are proposing subordinate debt must include the terms of the loan, and pro formas must reflect the ability to repay the subordinate debt within the debt service ratio required by the first lien lender or recognized industry debt service coverage ratios for combined debt.

In the case of subordinate financing (where repayment is dependent on surplus cash flow), excessive asset management or incentive fees will be scrutinized. Excessive asset management or incentive fees that limit subordinate debt repayment may result in the failure of the development to meet the Economic Feasibility Threshold.

Tax Credit Pricing (Section 7.3.3):

At the time an application for a reservation of credit is submitted, a copy of the letter of interest by the equity provider is required. Generally, the pricing mentioned in the letter of interest will be used in the Association's underwriting.

Please note that the Association has an obligation to ensure the tax credit resource is used in an efficient and prudent manner. To that end, the Association expects that a development's tax credit pricing fall within an acceptable industry range and may compare the proposal to pricing contained in competing applications or may evaluate the adequacy of the pricing based on information from other state housing finance agencies or industry sources.

Trending (Section 7.3.12):

The Association will determine debt service coverage over term using the nationally-accepted standard of 2% trending for income and 3% trending for expenses, unless there is an operating subsidy on the development. The Association acknowledges that this trending may negatively affect debt service coverage in later years.

If there is an operating subsidy on the development, income and expense trending will be neutralized by using the same trending percentage for both income and expenses.

Vacancy Rate (Section 7.3):

In making a determination of economic feasibility, the Association will evaluate operational and developmental projections set forth in Section 7 and will use a seven percent (7%) vacancy rate in underwriting unless there are compelling reasons found within the application to use a higher or lower rate (i.e., small isolated market, smaller or larger development, etc.). Although, in no instances will the Association use less than a 5% vacancy rate.

**EXHIBIT F: TEN PERCENT LETTER FOR CARRYOVER ALLOCATION**

Independent Auditor's Report

Date:

To: Idaho Housing and Finance Association  
565 West Myrtle  
P.O. Box 7899  
Boise, ID 83707-1899

And

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(the "Owner")  
Address  
City, State Zip

Re: \_\_\_\_\_  
(Development name, development number)

We have examined the accompanying Certification of Costs Incurred ("Exhibit A") of the Owner for \_\_\_\_\_ (the "Development") as of \_\_\_\_\_, 20\_\_\_\_. Exhibit A is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on Exhibit A based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Exhibit A and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The accompanying Exhibit A was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by Idaho Housing and Finance Association ("IHFA"), which is a comprehensive basis of accounting other than generally accepted accounting principles.

The 10% Test includes an estimate prepared by the Owner of total development costs and reasonably expected basis, as defined in Treasury Section 1.42-6. We have not examined or performed any procedures in connection with such estimated total development costs and reasonably expected basis and, accordingly, we do not express any opinion or any other form of assurance on such estimates. Furthermore, even if the Development is developed and completed there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In our opinion, Exhibit A referred to above presents fairly, in all material respects, costs incurred for the Development as of \_\_\_\_\_, 20\_\_\_\_, on the basis of accounting described above.

In addition to examining Exhibit A, we have, at your request, performed certain agreed-upon procedures, as enumerated below, with respect to the Development. These procedures, which were agreed to by the Owner and IHFA, were performed to assist you in determining whether the Development has met the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6. These agreed-upon procedures were performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the

responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures:

- We calculated, based on estimates of total development costs provided by the Owner, the Development's total reasonably expected basis, as defined in Treasury Regulation Section 1.42-6, to be \$\_\_\_\_\_ as of \_\_\_\_\_, 20\_\_.
- We calculated the reasonably expected basis incurred by the Owner as of \_\_\_\_\_, 20\_\_ to be \$\_\_\_\_\_.
- We calculated the percentage of the development fee incurred by the Owner as of \_\_\_\_\_ to be \_\_\_\_% of the total development fee.
- We compared the reasonably expected basis incurred by Owner as of \_\_\_\_\_, 20\_\_ to the total reasonably expected basis of the Development as of the end of the second year following the year in which this carryover allocation is received, and calculated the \_\_\_\_% had been incurred as of \_\_\_\_\_, 20\_\_.
- We determined that the Owner uses the accrual method of accounting, and has not included any construction costs in said basis that have not been properly accrued.
- Based on the amount of total reasonably expected basis listed above, for the Owner to meet the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6, we calculated that the Development needed to incur at least \$\_\_\_\_\_ of costs prior to December 31, 20\_\_. As of \_\_\_\_\_, 20\_\_, costs of at least \$\_\_\_\_\_ had been incurred, which is approximately \_\_.\_% of the total reasonably expected basis of the Development.

We were not engaged to, and did not, perform an audit of the Owner's financial statements or of the Development's total reasonably expected basis. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with IHFA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

City, State

Date

## EXHIBIT A

### CERTIFICATION OF COSTS INCURRED

		<u>% of Total</u>
Anticipated Total Basis as of December 31, _____:		
1. Land Acquisition and Related Costs	\$ _____	_____
2. Acquisition of Buildings	\$ _____	_____
3. Site Work	\$ _____	_____
4. Rehabilitation	\$ _____	_____
5. New Construction	\$ _____	_____
6. Architectural/Engineering Fees	\$ _____	_____
7. Interim Costs	\$ _____	_____
8. Financing Fees & Expense	\$ _____	_____
9. Soft Costs	\$ _____	_____
10. Developer Fee	\$ _____	_____
11. Contingency	\$ _____	_____
12. Other Costs: _____	\$ _____	_____
TOTAL	\$ _____	<u>100%</u>

#### Accumulated Basis to Date:

1. _____	\$ _____	
2. _____	\$ _____	
3. _____	\$ _____	
4. _____	\$ _____	
5. _____	\$ _____	
6. _____	\$ _____	
7. _____	\$ _____	
8. _____	\$ _____	
9. _____	\$ _____	
10. _____	\$ _____	
TOTAL	\$ _____	<u>%*</u>
		% of Total Anticipated Basis

\* Percent Accumulated Basis to Date Against Total Anticipated Basis Must Exceed 10%

**The Owner hereby accepts full responsibility for the accuracy of the foregoing information and acknowledges that Idaho Housing and Finance Association has no responsibility in the verification or the eligibility of the basis calculation.**

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Owner's Name)

By: \_\_\_\_\_  
Title: \_\_\_\_\_

This form must be accompanied by a certification by a Certified Public Accountant stating that the development meets the 10% test as required to meet Carryover Eligibility. Idaho Housing and Finance Association reserves the right to review such certifications for reasonableness and may refuse to accept certifications based upon that review.

## **EXHIBIT G: FINAL COST CERTIFICATION LETTER**

### Independent Auditor' Report

Owner's Name:

Development Name:

Development Number:

We have examined the costs included in the accompanying Idaho Housing and Finance Association ("IHFA") Final Cost Certification (the "Final Cost Certification") of \_\_\_\_\_ (the "Owner") for \_\_\_\_\_ (the "Development") as of \_\_\_\_\_, 20\_\_\_\_. The Final Cost Certification is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on the Final Cost Certification based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Final Cost Certification and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion.

The accompanying Final Cost Certification was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in conformity with the format and qualified allocation plan rules set by IHFA, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the Final Cost Certification presents fairly, in all material respects, the actual costs of \$\_\_\_\_\_ and eligible basis of \$\_\_\_\_\_ of the Owner for the Development as of \_\_\_\_\_, 20\_\_\_\_, on the basis of accounting described above.

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with IHFA, and should not be used for any other purposes.

We have no financial interest in the Development other than in the practice of our profession.

City, State

Date

## EXHIBIT G FINAL COST CERTIFICATION

Include all costs incurred in project development exclusive of syndication fees and syndication related costs. Indicate the amount of basis recognized for tax credit purposes in the appropriate column. Refer to Section 8 of the Allocation Plan for requirements.

ITEMIZED COSTS (Identify "Other" items)	Actual Cost		TOTAL COST	30% PV ELIGIBLE BASIS	70% PV ELIGIBLE BASIS
	PAID	TO BE PAID			

**To Purchase Land and Buildings:**

Land					
Existing Structures					
Demolition					
Legal Costs					
Title & Closing Costs					
Interest Attributed to Land					
<b>Subtotal</b>					

**For Site Work:**

Site Work					
Off Site Improvement					
Other					
<b>Subtotal</b>					

**For Rehab. and New Construction**

New Building					
Rehabilitation					
Accessory Building					
Buildings or facilities with tenant charges					
General Requirements *					
Contractor Overhead *					
Contractor Profit *					
Surety Bond Premium					
Other					
Other					
Other					
Other					
<b>Subtotal</b>					

\* General Requirements, Overhead and Profit limited to a total 14% of Construction Contract.

**For Architectural and Engineering  
Fees:**

Architect Fee – Design					
Architect Fee – Supervision					
Engineering Fees/Survey					
<b>Subtotal</b>					
<b>Subtotal Page 1</b>					



**EXHIBIT G - CONTINUED**

ITEMIZED COSTS (Identify "Other" items)	Actual Cost		TOTAL COST	30% PV ELIGIBLE BASIS	70% PV ELIGIBLE BASIS
	PAID	TO BE PAID			
<b>SUBTOTAL FROM PAGE 1</b>					
<b>For Permits:</b>					
City Permits					
Permits					
Plan Checks					
<b>Subtotal</b>					
<b>For Interim Costs:</b>					
Construction Insurance					
Construction Interest (only during Const. Term)					
Construction Loan Origination Fee					
Title Insurance/ Escrow/ Recording/Closing					
Construction Taxes					
Legal Costs					
<b>Subtotal</b>					
<b>For Permanent Financing Fees and Expenses:</b>					
Credit Report					
Permanent Loan Origination Fee					
Title and Recording/Closing					
Legal Costs					
Other					
<b>Subtotal</b>					
<b>For Soft Costs:</b>					
Property Appraisal					
Market Study					
Environmental Report					
Soil Tests					
Tax Credit Fees					
Rent Up Expense					
Organizational Costs (Excluding Syndication)					
<b>Subtotal</b>					
<b>For Developer's Fees: (Not to Exceed 14% of total cost, excluding reserves, developer and consultant fees)</b>					
Developer Fee – (includes profit and overhead)					
Consultant's Fee					
<b>Subtotal</b>					
<b>Subtotal Page 2</b>					

### EXHIBIT G - CONTINUED

ITEMIZED COSTS (Identify "Other" items)	Actual Cost		TOTAL COST	30% PV ELIGIBLE BASIS	70% PV ELIGIBLE BASIS
	PAID	TO BE PAID			
<b>SUBTOTAL FROM PAGE 2</b>					
<b>For Project Reserves:</b>					
Rent-Up Reserve					
Operating Reserve					
Other					
Other					
<b>Subtotal</b>					

<b>Subtotal Page 3</b>					
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<b>Grand Total All Pages</b>					
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**Cost Certifications:**

This form must be accompanied by a certification from the Certified Public Accountant that identifies the method of certification and lists any identities of interest.

CERTIFICATION OF FUNDING SOURCES		
Include all individual funding sources in the project development including any developer equity and/or deferred development fees.		
SOURCE	AMOUNT	TERMS
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
<b>TOTAL</b>		(Must equal total development costs)

Developer equity and/or deferred development fees must be certified as received or payable as applicable.

## **EXHIBIT H: MARKET STUDY REQUIREMENTS**

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, insure that the market feasibility report 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; and
- 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 must 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.

## **EXHIBIT I: CERTIFICATION FOR WAITLIST PREFERENCES**

The undersigned Sponsor and Property Management Agent hereby certify, warrant, and covenant that the following waitlist preference(s) will be incorporated into the Tenant Selection Policy which govern the future leasing preferences of [NAME OF PROJECT]:

Check the applicable waitlist preferences:

- ☐ Preference to persons on Public Housing Authority waiting list given for 100% of the rent-restricted units (Selection Point Criteria #3).
- ☐ Preference to households that contain one or more members with a handicap as defined in the Fair Housing Act (Selection Point Criteria #6 and definition below):

*Fair Housing Act:*

*Sec. 802 [42 U.S.C. 3602] Definitions:*

*Handicap means, with respect to a person:*

- (3) a physical or mental impairment which substantially limits one or more of such person's major life activities,*
- (2) a record of such an impairment, or*
- (3) being regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance [as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)].*

- ☐ Preference to persons with HUD-Veterans Affairs Supportive Housing ("VASH") vouchers. (Selection Point Criteria # 20).

[NAME OF DEVELOPER/SPONSOR] further certifies and agrees that it shall furnish a copy of [NAME OF PROJECT]'s executed Management Plan that includes a Tenant Selection Policy satisfying the waitlist preference requirements listed above to Idaho Housing and Finance Association at the time [NAME OF PROJECT] applies for Form 8609(s).

**[SPONSOR SIGNATURE BLOCK]**

**[PROPERTY MANAGEMENT AGENT SIGNATURE BLOCK]**

## **EXHIBIT J: CERTIFICATION FOR PERMANENT SUPPORTIVE HOUSING**

The undersigned Sponsor, Property Management Agent, Supportive Service Provider(s), and Coordinated Entry Access Point Provider entities hereby certify, warrant and covenant that the following requirements will be incorporated into the future leasing preferences and property operations of [NAME OF PROJECT] for the benefit of Permanent Supportive Housing or for transitional housing (defined by Section 42(i)(3)(B)(iii) of the IRS code) households:

### **1) Targeted Population:**

At least one unit, or the number of units equivalent to 5% of the total number of residential units in [NAME OF PROJECT] (rounding up to the nearest whole number), whichever is greater, shall be designated as Permanent Supportive Housing or transitional housing for “Special Housing Needs Households”.

“Special Housing Need Household” is defined as a household meeting one of the criteria below:

- Household comprised of individual(s) or families with incomes at or below 30% area median income (AMI); or
- Household comprised of individual(s) or families who are disabled. Federal laws define a person with a disability as “any person who has a physical or mental impairment that substantially limits one or more major life activities, has a record of such impairment, or is regarded as having such impairment;”or
- Household comprised of individual(s) and families who are literally homeless, at imminent risk of homelessness, or fleeing or attempting to flee domestic violence as defined in 24 CFR 576 Subpart A 576.2 (1), (2), and (4).

The “Special Housing Needs Households” definition listed above must be contained in the “Tenant Selection Policy” of the proposed Management Plan.

### **2) Supportive Services for Special Housing Needs Tenants:**

A Supportive Services Plan shall be established to provide services for Special Housing Needs Households and shall include the adoption of Housing First practices that: 1) allows voluntary participation by households in services; 2) provides a commitment for monthly on-site visits by a partnering organization(s) (Service Provider(s)) to coordinate appropriate support and services to be offered to Special Housing Needs Households based on individual or household needs; and 3) supports the development of flexible, person-centered, and client-informed individual service plans.

Additional Supportive Services requirements:

- The partnering organization(s) (Service Provider(s)) shall have at least 3 years of experience in providing housing and/or services to Special Housing Need Households.
- Partnering organization(s) (Service Provider(s)) and/or housing provider(s) shall participate in the Homeless Management Information System (“HMIS”), or the Community Management Information System (“CMIS”), and shall agree to collect and record the client/household Universal Data Elements and record services provided to Special Housing Needs Households. If a Developer/Property Manager is unsure if a Service Provider is an approved HMIS/CMIS user, they may contact IHFA at [hmis@ihfa.org](mailto:hmis@ihfa.org) for a list of participating HMIS/CMIS Service Providers. If a Service

Provider is not a current HMIS/CMIS approved user, the Service Provider may contact IHFA to request training and access approval.

- Support and services provided to Special Housing Needs Households shall be accessible on-site at [NAME OF PROJECT], unless alternative transportation arrangements have been made by the partnering organization(s) and/or housing provider.
- While participation by Special Housing Needs Households in support and services is voluntary, Special Housing Needs Households shall be offered participation in a minimum of three of the nine services listed below monthly or at a minimum quarterly or more frequently whenever the household indicates a potential need for such services.
  - Health or Behavioral Health Services
  - Childcare
  - Adult Education, Health and Wellness, Or Skill Building Classes
  - After School Program for School Aged Children
  - Renter Education Classes
  - Substance Use Counseling/Treatment
  - Housing Liaison
  - Connection to Mainstream Resources
  - Housing Barrier Removal
- Partnering organization(s) that will be coordinating support and services must keep an independent log of monthly site-visits and document services that were offered to Special Housing Needs Households, including any support or services offerings that were declined, as well as those that were accepted.
- The Supportive Services Plan for the Special Housing Needs Households shall be contained in the proposed Management Plan or shall be provided in a separate Supportive Services Plan that is referenced in the Management Plan.

3) Coordinated Entry (also known as “Our Path Home CONNECT” in Ada County and “Homeless Connect” throughout the rest of the state):

The “Tenant Selection Policy” included in the Management Plan shall include the requirement to use the “Coordinated Entry” system when filling vacancies in units set aside for Permanent Supportive Housing. Operational procedures detailing the Coordinated Entry process and provision for staff training shall be included in the proposed Management Plan.

Additionally, an Affirmative Marketing Plan (in the required format found in Exhibit F of the LIHTC/HOME application) shall be established that includes the appropriate county’s homeless Coordinated Entry Access Point (see below) in the Community Contact section of the Affirmative Marketing Plan.

The Property Manager/Developer must work with the Service Provider who will contact the appropriate Coordinated Entry Access Point must be the first contact whenever there is a Permanent Supportive Housing unit available in the development.

<p>Region 1 Benewah, Bonner, Boundary, Kootenai, Shoshone Counties</p> <p>St Vincent de Paul 201 E. Harrison Coeur d'Alene, ID 83814 208-664-3095</p>	<p>Region 2 Clearwater, Idaho, Latah, Lewis, Nez Perce Counties</p> <p>Sojourner's Alliance 627 N. Van Buren Moscow, ID 83843 208-310-4554</p>	<p>Region 3 Adams, Boise, Canyon, Elmore, Gem, Owyhee, Payette, Valley, Washington Counties</p> <p>Salvation Army – Nampa 1412 4<sup>th</sup> Street S. Nampa, ID 83651 208-461-3733</p>
<p>Region 4 Blaine, Camas, Cassia, Gooding, Jerome, Lincoln, Minidoka, Twin Falls Counties</p> <p>South Central Community Action Partnership 550 W. Washington St. S. Twin Falls, ID 83301 208-733-9351</p>	<p>Region 5 Bannock, Bear Lake, Bingham, Caribou, Franklin, Oneida, Power Counties</p> <p>Aid for Friends 210 E. Center St., Ste A Pocatello, ID 83201 208-254-0290</p>	<p>Region 6 Bonneville, Butte, Clark, Custer, Fremont, Jefferson, Lemhi, Madison, Teton Counties</p> <p>CLUB, Inc. 1820 E. 17<sup>th</sup> St., Ste 150 Idaho Falls, ID 83404 208-529-4673</p>
<p>Region 7 Ada County</p> <p>CATCH 503 S. Americana Blvd. Boise, ID 83702 208-246-8830</p>		

[NAME OF DEVELOPER/SPONSOR] hereby certifies and agrees that if [NAME OF PROJECT] is awarded the two points for Permanent Supportive Housing Units and does NOT comply with the certifications, warranties, and covenants set forth in this certificate after being placed in service, then [NAME OF DEVELOPER/SPONSOR] shall NOT be eligible to submit applications to Idaho Housing and Finance Association ("IHFA") for LIHTC until such time as [NAME OF PROJECT] is back in satisfactory compliance (good standing) based on the sole determination of IHFA.

[NAME OF DEVELOPER/SPONSOR] further certifies and agrees that it shall furnish copies of [NAME OF PROJECT]'s executed (i) Management Plan that includes a Tenant Selection Policy, (ii) Supportive Services Plan, and (iii) Affirmative Marketing Plan, satisfying the requirements listed above to IHFA at the time [NAME OF PROJECT] applies for Form 8609(s).

**[SPONSOR SIGNATURE BLOCK]**

**[PROPERTY MANAGEMENT AGENT SIGNATURE BLOCK]**

**[SUPPORTIVE SERVICE PROVIDER SIGNATURE BLOCK]**

**[COORDINATED ENTRY ACCESS POINT PROVIDER SIGNATURE BLOCK]**



## **EXHIBIT K: "PRELIMINARY" ARCHITECT CERTIFICATION FOR DEVELOPMENT AMENITIES**

As a licensed architect, I hereby certify, to the best of my knowledge and belief, that the standards or components below will be incorporated into the drawings and specifications for \_\_\_\_\_, located in \_\_\_\_\_, Idaho.

- ☐ Hard surfacing on 100% of area flooring in each residential unit; bedrooms are exempt from this rule
- ☐ Central Air Conditioning or Ductless Air Conditioning in each residential unit
- ☐ High-Speed Internet or Cable/Satellite Hookup availability for each residential unit
- ☐ No additional charge, On-Site Storage for each residential unit
- ☐ Computer/Study Room with High Speed Internet Access with at least one computer for every 15 residential units
- ☐ Fiber cement exterior siding or comparable exterior elements on 100% of the exterior with minimum 30-year warranty
- ☐ Exterior security camera surveillance system with closed circuit monitor
- ☐ Electronic access door controls for interior common areas
- ☐ Personal outdoor living spaces (i.e., attached patios, decks, etc) for each residential unit in the development

\_\_\_\_\_  
Date

(Idaho Stamp)

\_\_\_\_\_  
Architect

Based on the foregoing representations by the Architect, the Sponsor certifies that the development will be constructed in accordance with the requirements set forth above.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sponsor

**EXHIBIT L: "AS BUILT" ARCHITECT CERTIFICATION FOR DEVELOPMENT AMENITIES**

I have inspected the development known as \_\_\_\_\_ (development name) located in \_\_\_\_\_ (city, state), consistent with the services required by the architect agreement, and hereby certify, to the best of my knowledge and belief, that the development has been built in accordance with the drawings and specifications dated \_\_\_\_\_, and prepared by \_\_\_\_\_, and that such drawings and specifications incorporated, to the best of my knowledge and belief, the standards or individual components selected below:

- ☐ Hard surfacing on 100% of area flooring in each residential unit; bedrooms are exempt from this rule
- ☐ Central Air Conditioning or Ductless Air Conditioning in each residential unit
- ☐ High-Speed Internet or Cable/Satellite Hookup availability for each residential unit
- ☐ No additional charge, On-Site Storage for each residential unit
- ☐ Computer/Study Room with High Speed Internet Access with at least one computer for every 15 residential units
- ☐ Fiber cement exterior siding or comparable exterior elements on 100% of the exterior with minimum 30-year warranty
- ☐ Exterior security camera surveillance system with closed circuit monitor
- ☐ Electronic access door controls for interior common areas
- ☐ Personal outdoor living spaces (i.e., attached patios, decks, etc) for each residential unit in the development

\_\_\_\_\_  
Date

(Idaho Stamp)

\_\_\_\_\_  
Architect

Based on the foregoing representations by the Architect, the Sponsor certifies that the development have been constructed in accordance with the requirements set forth above.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sponsor

**EXHIBIT M: IHFA FEES (For Tax Credit Developments Only)**

<b>FEE</b>	<b>AMOUNT</b>	<b>WHEN PAYABLE</b>
1. Application fee for State Ceiling Credit	\$3,000	Upon submission of application
2. Application fee for Tax-Exempt Bond Financed Developments	\$3,000	Upon submission of application
3. RESERVATION FEE ( <i>State Ceiling Credit</i> )	The greater of: 3% of annual Tax Credit or \$600	Upon acceptance of Reservation
4. ADMINISTRATIVE FEE	\$1,000	Due upon acceptance of Reservation
5. CONDITIONAL COMMITMENT FEE ( <i>Tax Exempt Bond Developments</i> )	The greater of: 3% of Annual Tax Credit or \$600	Upon acceptance of Conditional Commitment
6. ALLOCATION FEES:		
A. Carryover Allocation Fee or Placed in Service Fee	The greater of: 3% of Annual Tax Credit or \$1,200	Upon submission of Owner's Certificate and Agreement re: Carryover Allocation or application for IRS Form 8609s, whichever occurs first
B. Tax Exempt Bonds Allocation Fee	The greater of: 3% of annual Tax Credit or \$1,200	Upon application for IRS Form 8609s
7. RETURN CREDIT FEE*	The greater of: 3% of annual Tax Credit or \$1,200	In the event that the Tax Credit Reservation or Conditional Commitment is returned for any reason before Allocation occurs.
8. Carryover Application penalty fee	\$2,500	Developments failing to apply for Carryover Allocation within 10 business days of the time requirements set forth in the Allocation Plan
9. Placed-in-Service penalty fee	\$5,000 and prohibition from participation in subsequent application round.	Developments failing to apply for Allocation Certification within time requirements set forth in the Allocation Plan
10. Qualified Contract fee	\$20,000	Upon submission of application
11. Development Relief fee	\$3,000	Upon submission of application
12. Appeal fee	\$1,500	Upon submission of request

**Program participants will be responsible for costs incurred by IHFA in conducting compliance audits during the development's compliance period, as outlined in the Compliance Manual.**

**\*ALL IHFA FEES ARE NON-REFUNDABLE, ALTHOUGH IN THE INSTANCE WHERE THE RETURN OF TAX CREDIT IS DUE TO UNFORSEEN CIRCUMSTANCES BEYOND A SPONSOR'S CONTROL, IHFA RETAINS THE RIGHT TO WAIVE THE FEE.**