

**ALLOCATION PLAN FOR THE IDAHO WORKFORCE HOUSING FUND
FOR THE STATE OF IDAHO**

ADMINISTRATING AGENCY:

Idaho Housing and Finance Association

Final Approval by:

Idaho Housing and Finance Association

Board of Commissioners

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SECTION 1 - INTRODUCTION

1.1 Designation of the Association and ARPA-SLFRF Requirements Compliance

In 2022, the Idaho state legislature passed the Idaho Workforce Housing Fund Act (the Act) to create the Idaho Workforce Housing Fund (IWHF) to utilize the funds appropriated to states via the State and Local Fiscal Recovery Funds (SLFRF) through the federally enacted American Rescue Plan Act (ARPA) of 2021 with the intent of creating workforce housing (WH) to combat the escalating affordable housing crisis that is affecting all of Idaho. To comply with the requirements of ARPA-SLFRF funds of addressing COVID-19-related impacts, the IWHF intends to use ARPA-SLFRF funds according to the *Enumerated Eligible Use* category of *Promoting Long-Term Housing Security: Affordable Housing and Homelessness* whereby recipients may presume increasing access to stable, permanent, affordable housing, including the development of affordable housing to increase the supply of affordable and high-quality living units and down payment assistance contributions to eligible households' home purchases, are responsive and proportional to the needs of *Impacted* and *Disproportionately Impacted* populations. Per the ARPA-SLFRF Final Rule, *Impacted* and *Disproportionately Impacted Populations* include those who are *Low-Income* or *Moderate-Income*, respectively; and qualify as a *Presumed Eligible Population* (those who experienced increased food or housing insecurity, or were *low- or moderate-income* during the COVID-19 pandemic) for the development of *Affordable Housing* as a direct and proportional response to impacts of the COVID-19 pandemic. The Idaho legislature appointed Idaho Housing and Finance Association (the Association) to create a Workforce Housing Allocation Plan (WHAP) for the equitable disbursement of these funds and to administer the allocation of these funds on behalf of the State of Idaho to projects with affordable workforce housing throughout Idaho. The design of this program is to supplement and fill gaps in financing for housing that is associated with the lowered rents, income, and investments stemming from targeting households qualified as 'workforce' based on household income.

The Act comprises House Bill 701 for the creation of the IWHF and Senate Bill 1428 for the appropriation of SLFRF funds to the IWHF from the 2022 legislative session per below.

<https://legislature.idaho.gov/wp-content/uploads/sessioninfo/2022/legislation/H0701.pdf>

<https://legislature.idaho.gov/wp-content/uploads/sessioninfo/2022/legislation/S1428.pdf>

The SLFRF funds under ARPA are governed by the SLFRF Final Rule as issued by Treasury

<https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

1.2 Revision of Workforce Housing Allocation Plan

This plan was approved by the Association's Board of Commissioners on August 18, 2022. This WHAP is to be effective upon the aforementioned dates of approval. Revisions shall be made as necessary, and effective from the date of approvals for such revisions.

1.3 Duration

This WHAP or any subsequent revision shall be effective for the duration of the IWHF program; including the IWHF funding end date and any individual project's period of affordability compliance requirements as set forth in the WHAP.

As required by the Act (Section 1.1) and the Final Rule regarding SLFRF funds, as issued by the US Department of Treasury, the obligation deadline for SLFRF funds is December 31, 2024, and the funding expenditure deadline for SLFRF funds is December 31, 2026. To ensure any potential WH funds recaptures are avoided, projects awarded WH funds allocations must have been completed and placed in service prior to the December 31, 2026 deadline. Any unallocated funds not encumbered through the Act or ARPA rules shall be allocated and disbursed in accordance with this WHAP for as long as such funds remain available. Per the Act, any WH funds under the Act that are not drawn from the State of Idaho Treasury Department pursuant to this WHAP by June 30, 2023 will likely need to be reappropriated by the Idaho Legislature prior to any allocations can be made to eligible projects.

The final rule, as issued by the US Department of Treasury has defined the terms and deadlines per below.

Obligation: *An order placed for property and services and entering into contracts, subawards, and similar transactions that require payment. Costs must be incurred to be obligated.*

Expended: *For the purposes of development of affordable housing, funds are to be considered expended at the point of disbursement to the borrower.*

1.4 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 inputting the singular number shall include the plural number and vice versa unless the context shall otherwise indicate.

1.5 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 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 all WH developments awarded WH funds under this WHAP be located in a local jurisdiction that has adopted an 'Affirmatively Furthering Fair Housing Resolution' (within the last five years) 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 WH funds:

- 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, Twin Falls, 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 (and therefore has not 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 2022 Idaho Assessment of Fair Housing may be found on the Association's website at 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.

1.6 Workforce Housing Definition

The definition of 'workforce housing' for the entirety of this WHAP shall be affordable housing that serves the 'workforce' of Idaho, or those populations, regardless of age, that earn a household income that is not to exceed the limits for incomes as defined as *Low* or *Moderate* per the ARPA-SLFRF Final Rule (1.1), and is at or below eighty percent (80%) of the area median income (AMI) of the Idaho county where the household is located. This definition is to be used as the programmatic uppermost limit; lower AMI targeting may be required to achieve 'affordability' as required in section 4.9.7 depending on household size and location. These definitions and the requirements relating to them may be altered at any time at the Association's sole discretion.

1.7 Applicability and Terminology

Due to the varying types of awards discussed in this WHAP, not all sections are applicable to all award types. Some instances may refer to only particular types of projects or awards. It is at the Association's sole discretion as to what definitions or otherwise intend or imply. If any section of this WHAP is unclear with this regard, please contact the Association for clarification.

A list of terms and their definitions commonly used in this WHAP are included in Exhibit K as a reference.

Further, with regard to the various fees listed in this WHAP, the Association intends to collect only the minimum nominal required fees to facilitate the WH program. In instances in this WHAP where a duplicate fee may be inferred with regard to the use of other programs, the Association, at its sole discretion, will only apply the highest of any applicable fee and waive any secondary fees of the same fee type. Sponsors are encouraged to contact the Association regarding their projects to clarify any applicable fees.

1.8 Role of the Association

The Association shall act as the administrator of the state of Idaho's awarded ARPA funds. The state of Idaho shall remain the recipient and individual housing developer/sponsors/owners shall be a sub-recipient of the state of Idaho's awarded ARPA funds. The Association will assist

within its capability and within reason, at its sole discretion, with all programmatic requirements. All recipients and sub-recipients shall have final responsibility for following all rules and reporting as required by the Act (Section 1.1) and/or ARPA-SLFRF (Section 1.3).

SECTION 2 – PLAN OVERVIEW

2.1 Application Rounds

The Idaho WHAP establishes a competitive process whereby multifamily (MF) WH funds may be allocated to developments that address WH priorities throughout the state. The state's annual WH fund ceiling and any amounts carried forward or returned to the Association from a prior year 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.

For single family (SF) housing where the final project is intended for sale with the intent of income qualified home ownership, there is no application round nor deadline and applications may be received and awarded on a first-come, first-served basis for as long as the funding remains available (Please see Exhibit A for set-asides and limits regarding funding available and Exhibit J for information regarding the SF program).

2.2. Application Process

During the Application Process, projects competing for WH funds must supply documentation in accordance with specific application requirements timetables. Refer to Section 4 for additional MF requirements and Exhibit J for SF requirements.

2.3 Housing Priorities

The WHAP utilizes a Selection Criteria Point System to target specific WH priorities pertinent to the Act and within the restrictions of ARPA-SLFRF. Applications will be ranked under the point system with WH funds being allocated to those developments receiving the highest number of points.

The Association, at its sole discretion, may consider awarding WH funds to a lower scoring development if a higher scoring development request exceeds the amount of available WH funds in the application round.

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 'workforce' 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.

For SF housing where the final project is intended for sale with the intent of income qualified home ownership, there is no application ranking. Applications received that meet all the requirements shall be awarded on a first-come, first-served basis for as long as the funding remains available.

2.4 Development Evaluation

Pursuant to the authority granted in the Act, WH funds allocated to a development may not exceed the amount necessary for the financial feasibility of the development and its viability throughout the period of affordability. As mandated by the Act, a Development Evaluation will be made for each application received by the Association.

2.5 Administrative Fees

The Association will collect a non-refundable \$3,000 application fee at the time of initial application for WH funds. Further, the Association will collect a non-refundable \$1,000 Administrative Fee at the time the WH funds are accepted. These fees, per Section 1.7 and at the Association's sole discretion, shall be waived in the event any other programmatic fees are incurred through the use of any other funding programs administered by the Association (LIHTC/HOME/HTF/etc.). These dollars are intended to offset the additional external costs (third-party professional consultant fees and/or legal costs) associated with the growing need for more complex regulatory creation and/or interpretations.

For SF housing where the final project is intended for sale with the intent of income qualified home ownership, there is no application fee.

2.6 Cost Certification

Final award of WH funds shall be conditioned upon receipt of an independent third-party Certified Public Accountant's Cost Certification. The required Cost Certification format is provided in Exhibits F. Failure to complete the cost certification process or projects significantly different from the Total Development Costs as presented in the application may be subject to WH funds adjustment and/or recapture as stipulated in the binding WH funds Regulatory Agreement.

For SF housing where the final project is intended for sale with the intent of income qualified home ownership, loan originator approval shall satisfy cost certification.

2.7 Architectural Requirements

All developments receiving WH funds 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 provides specific guidelines for MF dwellings in regard to minimum handicapped accessibility and adaptability. Sponsors shall obtain a certification from their architect indicating 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 the development has been built in accordance with the drawings must be submitted to the Association once construction has completed. Certification formats are provided in Exhibits D. 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 WH fund resource. Such limitations can be found in Sections 4.1, 7.4, and 11.1.1.

2.10 Compliance Monitoring

To ensure affordable WH conditions are maintained through the period of affordability, all projects allocated WH funds are subject to Compliance Monitoring that will be conducted by the Association. Noncompliance, at the Association's sole determination and discretion, with the ARPA-SLFRF program rules, this WHAP, or the binding WH funds Regulatory Agreement, may result in required corrective action to return to compliance or induce repayment of the WH fund loan and incur potential recapture penalty fees.

Developments awarded WH funds with additional funding from other programs (e.g. LIHTC, HOME, HTF, etc.) shall be held to most restrictive program's compliance regulations in cases of similar requirements. All applicable WH funds compliance requirements, at the Association's sole discretion, will defer to and/or be replaced with any requirements from the other programs that are more restrictive.

Annual asset management and compliance fees shall be set at \$100 per workforce housing unit per year.

In cases where projects are subject to compliance and administration fees under other funding programs administered by the Association (LIHTC, HOME, HTF, etc), the aforementioned WH funds compliance and monitoring fees, per Section 1.7 and at the Association's sole discretion, shall be waived.

For SF housing where the final project is intended for sale with the intent of income qualified home ownership, there are no compliance monitoring fees.

2.11 Funding Mechanism

WH funds shall be allocated to projects in one of the following methods depending on the characteristics of the project:

2.11.1 Multifamily Loan Contribution

WH funds may be allocated to eligible MF projects in the form of a loan. The terms of the loan, including eligibility requirements, shall be governed by the most recent and any to-be-updated rules regarding ARPA-SLFRF funds, as issued by the US Department of Treasury (Section 1.3).

With this funding mechanism, at least a number of the total non-manager units equal to the proportion of the WH funds to eligible Total Development Costs (rounded up to the next whole number from two decimals) shall be reserved for WH. Additional WH units may be required in order to meet the maximum WH funds per unit requirements as listed in Section 7.4.1, or may be elected at initial application to increase competitive scoring.

Per the latest guidance from Treasury, ARPA-SLFRF funds may be used for the entire principal of the loan and must have maturities and affordability covenants of at least 20 years. Further, any projects awarded ARPA-SLFRF funds in conjunction with any Low-Income Housing Tax Credit (LIHTC) program funds must waive their right to request a qualified contract, and repay any loaned funds in the event that the property becomes noncompliant.

To be eligible for a MF WH funds loan, projects must qualify for one of the following eligibility parameters:

-1. Project must meet the following four requirements that would otherwise be required for the National Housing Trust Fund (HTF) program, the HOME Investment Partnership Program (HOME), or LIHTC Programs:

-Resident Income Restrictions

-Affordability period and related covenant requirements for assisted units

-Tenant Protections

-Housing Quality Standards

2. Project units must serve households at or below 65% AMI for a period of at least 20 years.

3. Project must serve households in such a related and reasonably proportional manner as to address the negative economic impacts of the COVID-19 pandemic and otherwise meet the ARPA-SLFRF final rule requirements. (Depending on the needs of the local rental market, it may be reasonably proportional to address the negative economic impacts by serving units that do not otherwise fall into the presumptively eligible categories above [e.g. by serving households earning 80% AMI]. The Association in these cases may require additional restrictions to justify the use of the SLFRF funds such as the use of income averaging to ensure the project does not exceed an average of 65% AMI among all households.)

2.11.2 Rural Single-family Down Payment/Closing Costs Assistance

In Rural areas only (Section 5.1), projects intended for final sale for home ownership by an income eligible household, per the definition of 'Workforce Housing' (Section 1.6), may be eligible for WH funds to assist with down payments and/or closing/transaction costs. Housing transactions utilizing this assistance will be recorded with a deed restriction and title lien whereby all the original WH funds shall be due for recapture/return to the WH fund via the Association upon sale or other qualifying events as stipulated in the WH funds Land Use Regulatory Agreement and as listed in Exhibit J. Any projects intended for final sale for home ownership must contact the Association prior to application for a preliminary review of the project/transaction. Housing intended for final sale for home ownership are not subject to compliance and monitoring fees.

This funding mechanism is suitable for development projects where at least one or more SF housing unit is being constructed/refurbished with the intent of being sold to an income eligible household. Projects seeking this funding mechanism shall be held to the same requirements as the HOME SF project financing requirements.

2.11.3 Funding Escrow

In order to satisfy the requirements of timing and use of ARPA-SLFRF funds, WH funds disbursement shall be conducted through an escrow (the Escrow) pursuant to an escrow

agreement between the WH fund allocation awardee, all other funding parties, and the Association as administrator of the IWHF wherein each party obligates to fund its portion of the project as soon as its funds are available, subject to normal financial conditions, with a priority for the contribution of WH funds since all other funding is likely to depend on those funds and such funds are available for a limited time. No funds shall be released from the Escrow until all funds have been deposited thereto. Deposit to the Escrow under the Escrow Agreement and this Plan shall constitute an obligation of the WH funds as required by the ARPA-SLFRR regulations.

2.12 Workforce Housing Funds Repayment

As stipulated by the ARPA-SLFRR loan eligibility requirements, the binding WH funds Land Use Regulatory Agreement made after an allocation is accepted for MF developments, and the latest guidance from Treasury, projects shall repay all remaining balances of the loan, plus any applicable fees, in the case of noncompliance with any agreement or program terms. In the case of early repayment due to noncompliance or otherwise, the project shall no longer be bound by WH affordability as stipulated under this WHAP or WH Land Use Regulatory Agreement, and the project owner/sponsor and developer shall be barred from future WH program use per the requirements of ARPA-SLFRR final rule.

For Single-family Down Payment/Closing Costs Assistance, funds shall be repaid according to the terms listed in Exhibit J.

2.13 Period of Affordability

During the period of affordability, the units designated for WH in the initial application for WH funds must be in compliance for eligible WH (Section 1.6 and Section 12) for the duration elected by the applicant in the initial application (minimum of 20 years for MF projects; SF minimums are indicated in Exhibit J).

Applicants may elect longer durations of periods of affordability to earn preference in the MF selection criteria (Section 6) or more assistance in SF assistance (Exhibit J).

SECTION 3 – APPLICATION ROUNDS

3.1 Application Round Closing Date

Sponsors must submit a complete Application for WH funds allocation during the following specified application round.

Unless notified otherwise, 2022-2023 WH funds will be allocated through a single funding round with an application deadline of Friday, October 7th, 2022. Given the urgency of fully awarding this initial WH fund balance, should any substantial amount of WH funds still be available after this initial application round, an additional application round may be held in early 2023 to help disburse the balance. Complete applications must be submitted electronically using the ProCorem electronic portal no later than midnight MDT on the deadline date.

To request access to the ProCorem electronic portal, please contact Michael Leary no later than one (1) week prior to the deadline at MichaelLe@IHFA.org or (855) 505-4700 ext. 4385.

NOTE: If LIHTC, HOME funds, HOME-ARP, or HTF are also requested, a pre-development meeting with the Association's LIHTC and/or HOME Program Department is recommended.

3.2 Availability of Workforce Housing Funds

The initial Idaho WH fund consists of funds appropriated by the state legislature (Section 1.1). If applicable, the fund total will be determined each calendar year and consist of any additionally appropriated funds, any unused carryforward funds from the previous calendar year, any returned WH funds, and any income generated by WH-funded projects. All available WH funds will be made available to eligible projects during the scheduled application round(s) each year for as long as the funds are available and not encumbered, as governed in the Act and ARPA-SLFRF Final Rule (Section 1.3).

3.2.1 State Appropriated Funds

The Idaho state legislature appropriated \$50 million in 2022 for the initial starting fund balance from its allocation of federal ARPA-SLFRF funds. If it appropriates further funding at a later date, those funds will be included in the WH fund pool.

3.2.2 Unused Funds

a) Any WH funds that are not allocated to eligible WH projects, except funds set-aside as required by the Act, will be carried forward to the following year's pool of WH funds.

b) To optimize the effectiveness and impact of the WH funds, any WH funds returned to the Association due to project infeasibility/failure or noncompliance recapture shall be added to the WH fund pool available for the next competitive allocation round.

3.2.3 Workforce Housing-Funded Income

Any income generated from projects funded with WH funds will be added to the next pool of available WH funds.

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

3.3 Public Notice

In adopting this Plan, the Association has posted a draft plan on its website and solicited comment from the public, government officials and its stakeholders prior to adoption.

The Association will, in its best capacity, advertise statewide, via legal notice, the dollar amount of available WH funds 60 days 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 Workforce Housing Funds Limit per Application Round

In order to distribute WH funds as equitably as possible, the Association has determined, in its sole discretion, no individual development shall be allocated WH funds in excess of \$4,000,000, and no individual developer or sponsor shall be awarded WH funds for more than two (2) eligible projects per application round.

‘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 affordable housing project, or purchasing an existing project with the intent of rehabilitating the project, in which WH funds are requested.

4.2 Application Requirements

Complete applications must be submitted to the Association when requesting WH funds.

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 except in the following situation:

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 WH funds allocation.

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 Act and the WHAP and shall be deemed to have full knowledge of such requirements regardless of whether 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 (Exhibit E), 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 housing development or require that the sponsor secure assistance from experienced developers. Changes in general partner(s), management company, developer and/or housing sponsor, at any time WH funds are being applied for or utilized in a project, must be approved in writing by the Association.

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

There is a one-time application fee of \$3,000 for sponsors/developers applying for WH funds for eligible projects.

Per Section 1.7, this fee shall be waived for projects applying for other additional funding allocated by the Association that also incur an application fee (e.g. LIHTC, HOME, HTF, etc.) and for eligible SF projects intended for final home ownership.

4.7 Requirements for Developments Previously Relinquishing Workforce Housing Funds

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

4.8 Additional Workforce Housing Funds Requests

Sponsors may apply for additional WH funds if there are available unallocated WH funds and, at the sole discretion of the Association, there are reasonably documented increases in their development costs that are directly related to eligible development costs. Requests for additional WH funds 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 4.9.1, including the Market Study Threshold, must be met with these requests.

In awarding additional WH funds, 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 WH funds:

- 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.

Awards will be held to the project and developer/sponsor allocation limits in sections 4.1, 7.4, and 11.1.1.

4.9 Application Thresholds

Applications must meet market study, readiness, economic feasibility, high-quality building, management capacity, affordability, and selection 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 deemed questionable, at the sole discretion of the Association, will fail the Market Study Threshold. For MF developments with more than 20 units, sponsors must submit a current market study for review by the Association. For all other developments, evidence the development has the ability to sustain occupancy at 93% or greater must be submitted. Evidence can include appraisals and/or official reports. All market studies/appraisals must be less than six (6) months old and include the applicable market rate rents for each unit type included in the application. An update will be allowed up to 6 months after the date of the original market study or appraisal, although in no instance will the Association accept a market study or 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 a third-party appraiser. Other resources may be submitted with an application, but the Association, at its sole discretion, shall make the final determination of project marketability. Market study requirements are listed under the application requirement found in Exhibit B and H. 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. Sponsors will be held ultimately responsible for the accuracy and quality of information contained in market studies or appraisals submitted 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 the Sponsor must be evidenced by an earnest money agreement or other legal document that demonstrates site control with an effective/execution date within six (6) months from the application for WH funds. Sponsor is the owner of the development, and includes a managing individual or entity of the owner.

Written confirmation from the municipality zoning authority the proposed use is within the parameters of existing conforming zoning designations is required. Projects awarded an allocation of WH funds that do not receive and submit to the Association confirmation of zoning within six (6) months of the award date shall have the WH fund allocation award be null and void.

Written explanation for not achieving this threshold shall, at the Association's sole discretion, be acceptable as long as evidence of the transaction commencement, with a timely progression, is submitted. This threshold waiver is of particular note for SF projects intended for final home ownership by income eligible applicants.

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 F.

Developments deemed economically infeasible by the Association, at its sole discretion, will be declined.

4.9.4 High-Quality Building Threshold

To meet the ARPA-SLFRF requirements that affordable housing developments be high-quality, proposed projects must pass the High-Quality Building Threshold whereby the proposed development design must incorporate one of the following 'high-quality building' certifiable program standards into their design or incorporate a combination of individual high-quality 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 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 any official program certifications, if applicable. (See Exhibit D-2 for required format.)

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

High-Quality 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 High-Quality Building Components

(Must meet a minimum of 8 points using any combination of the following items)

- | | |
|--|---|
| • Ceiling fans in living room and bedrooms in all residential units | 1 |
| • No 'added urea-formaldehyde' cabinets | 1 |
| • Occupancy sensor lighting in interior community areas | 1 |
| • 100% of the total lighting to be high efficiency bulbs/lamps (CFL, LED) | 1 |
| • Continuous Ventilation (high efficiency bathroom fans with timer or humidistat, or an energy recovery ventilator (ERV) | 1 |
| • Green label certified low-emission carpet/pad/adhesive | 1 |
| • SCS FloorScore certified hard surface flooring | 1 |
| • Energy Star certified water heaters | 1 |
| • Xeriscape landscaping and high efficiency irrigation | 1 |
| • Metal or long lasting roofing (30 year warranty – minimum) | 1 |

- High Efficiency HVAC equipment (must exceed minimum building code requirements) 2
- Water saving shower heads, toilets, faucets 2
 - Bathroom faucets: <1.0 gpm
 - Kitchen faucets: <1.5 gpm
 - Toilets: <1.3 gpf or dual-flush toilets
 - Shower heads: <1.75 gpm
- U-0.30 or lower rated windows (total assembly) 2
- Rigid foam insulation under exterior siding which provides a 20% increase over minimum building code requirements 2
- R-49 Value Insulation or insulation that is 5% above minimum building code requirements in attic 2
- Structural Insulated Panel (SIP) roof construction with 50 R-Value 2
- Structural Insulated Panel (SIP) wall construction with minimum 25 R-Value 2
- HOME Energy Rating System (HERS) Score which is 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 rental developments receiving WH funds be managed by a property management agent with previous experience in SF or MF affordable housing and to have a management plan satisfying the requirements of Section 12.4. 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 LIHTC 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 (within 12 months) acquisitions or assignments of distressed properties; Sponsors are encouraged to contact the Association prior to applying for WH funds to discuss any potential properties in these cases.

Any change in the property management agent subsequent to allocation and throughout the period of affordability must be approved in writing by the Association. Failure to secure such approval may result in repayment of the WH funds.

For SF housing where the final project is intended for sale with the intent of income qualified home ownership, there is no management capacity threshold. Applications received that meet all the requirements shall be awarded on a first-come, first-served

basis for as long as the funding remains available. However, final eligible home owners will need to meet the requirements as stated in Exhibit J and follow the annual eligibility rules therein.

4.9.6 Selection Criteria Point Threshold

Applications for competitive WH funds developments must achieve a minimum 50 points or the application will be declined.

For SF housing where the final project is intended for sale with the intent of income qualified home ownership, there is no Selection Criteria Point Threshold. Applications received that meet all the other initial application requirements shall be awarded on a first-come, first-served basis for as long as the funding remains available.

4.9.7 Affordability Threshold

The maximum WH rents, as indicated in the initial WH funds application and set in 10% increments between 30% and 80% of the Area Median Income (AMI) in the area where the development is to be located, less an allowance for tenant-paid utilities, must be less than the market rents for comparable units. If this test of affordability cannot be met, the housing sponsor would need to reconfigure the development with affordable rents and AMI targeting based on the next lowest established AMI category.

The Association relies on the Novogradac Rent and Income Calculator tool for AMI calculations between 20% and 80%. A link to the calculator tool can be found on the Association's website under the 'Multifamily' tab. Market rents are to be provided in the Market Study Threshold documentation required at application; refer to the market study requirements mentioned in Exhibit B and H.

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

For SF housing where the final project is intended for sale with the intent of income qualified home ownership, there is no affordability threshold. Applications received that meet all the requirements shall be awarded on a first-come, first-served basis for as long as the funding remains available. However, final eligible home owners will need to meet the requirements as stated in Exhibit J and follow the annual eligibility rules therein.

4.10 Development Ranking

In the ranking process, developments receiving the highest number of points and meeting threshold requirements will be selected to receive WH fund allocations.

Applications that fail to meet the Selection Criteria minimum point threshold or fail to demonstrate readiness, economic feasibility, management capacity, market demand, high-quality building or affordability will be declined. Such sponsors may reapply in subsequent application rounds once all the thresholds have been met.

The Association, at its sole discretion, may consider awarding WH funds to a lower scoring development if a higher scoring development request exceeds the amount of remaining WH funds available in the application round.

4.10.1 Tie-Breaker Criteria

If there is limited WH funds available and two or more developments have met all WHAP thresholds and have identical point scores, the development(s) which are located in a county that has received the fewest WH funding awards will be given priority followed by developments with the lowest AMI average of the rent restricted units (rounded to two decimals).

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

4.11 Award Notification

The Association will issue, to the extent possible, preliminary award notifications for WH funds within 90 days of the application deadline, or within a longer period as required 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 applicants will be notified and will receive final award notifications after the appeal process has concluded. Allocation agreements will be issued shortly after the final award notifications are provided. Sponsors must accept the allocations within 10 business days of the date of issuance.

For SF housing where the final project is intended for sale with the intent of income qualified home ownership, awards will be made and awardees will be notified as soon as possible.

4.11.1 Partial Awards

No partial awards will be made.

4.11.2 Succeeding Year Funds Utilization

In a current year's application round where a development may need a nominal amount of WH funds in order to fully fund the WH funds request, the Association, at its sole discretion, may approve a limited amount of forward allocated WH funds from the succeeding year, not to exceed \$500,000, if the funds are available.

4.12 Posting of Assurance

If the Developer of a proposed development has not previously completed an affordable housing 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 75% of the WH funds allocated or \$500,000 posted at the time the allocation is accepted. If additional WH funds are 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 the WH fund allocation agreement, the Developer must agree to return the WH funds 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 allocation 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 WH program.

4.13 Requirements for Acquisition Developments

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

4.13.1 Acquisition Costs

In determining the number of required MF WH units as a percentage of WH funds per Total Development Cost, 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 and its improvements.

For clarification purposes, a previously completed appraisal can be used to determine the current appraised value of the property, provided; 1) the appraisal report is less than six (6) months old, and 2) the appraisal comprehensively addresses the requirements listed above. An update will be allowed up to six (6) months after the date of the original appraisal; although in no instance will the Association accept an appraisal beyond twelve (12) months of the original date.

4.13.2 Acquisition Requirements

Projects in which WH funds are to be used to acquire an existing housing structure(s) must adhere to the following requirements:

- 1) The property's present use must not be currently deed restricted for affordable housing under any program; AND
- 2) The condition of the housing unit(s) and related building(s) must already be in or be rehabilitated to a condition equivalent to comparable market rate units/buildings. This evaluation is at the sole discretion of the Association and the submission of any/all evidentiary documentation is the sole responsibility of the applicant.

SECTION 5 – SPECIAL SET-ASIDES

The Association has established set-asides for developments that target affordable housing needs or which have certain designated characteristics.

5.1 State-Mandated 20% Rural Set-Aside

Per the Act (Section 1.1), no less than twenty percent (20%) of the annual WH funds will be set-aside for developments located in communities that qualify as eligible ‘Rural’ communities. The set-aside will be available on a statewide regional basis per the regions in section 5.2 during the Application Round and continue to be available for two (2) years after its original inclusion in a competitive Application Round per any annual Notices of Funding Available for WH funds are made; after which, it will be available for all other qualified applications.

‘Rural’ developments, as defined in the Act (Section 1.1) per Idaho code 67-9003, are:

5.1.1 Any area in the state of Idaho that is not within the boundaries of the following metropolitan statistical areas (MSAs) as defined in the US census MSA regions; OR

-Boise City MSA	-Coeur D’Alene MSA	-Idaho Falls MSA
-Lewiston MSA	-Logan (UT/ID) MSA	-Pocatello MSA
-Twin Falls MSA		

5.1.2 Any area within an MSA listed in Section 5.1.1 that is in a census tract with a population density of less than 20 persons per square mile; OR

5.1.3 Any area that IHFA, at its sole discretion, deems ‘Rural’ based on the characteristics of the land and area.

All MSAs include all cities/regions/areas per the definitions of US Census. Some MSAs may be located outside Idaho yet include Idaho cities/regions. Only projects located inside the state of Idaho are eligible for WH funds.

5.1.4 Fifty percent (50%) of all regional, per the regions in section 5.2, Rural set-asides shall be made available for down payment and closing costs assistance to income-eligible Homebuyers in projects for SF housing where the final project is intended for sale with the intent of income qualified home ownership. Given the limited timeframe to fully expend the ARPA-SLFRF per the Act (Section 1.1.), preference will be given to a rental MF project that can utilize funds quickly. Therefore, this SF project set-aside shall be made available after the initial competitive round with an application deadline of October 7, 2022. Once the round has concluded and all eligible awardees of that round have been notified and if there remains any funds in each regional Rural set-aside then the SF project(s) will be awarded.

5.2 Regional Set-Aside

The majority, fifty-six percent (56%), of total WH funds shall be reserved for general Regional set-asides. Each region shall be defined as the seven (7) geographical regions stated in the Idaho Department of Health and Welfare’s *Public Health Districts* (see below). To be as equitable as possible in the dispersion of the WH funds, as required by the Act, each region shall have a set-aside of eight percent (8%) of all WH funds.

5.3 Most Populous Regions Set Aside

In order to ensure the limited WH funds can impact the greatest number of eligible Idahoans, the regions with the highest and second highest populations among the seven regions listed in 5.2 shall be granted additional WH funds set-asides of twelve percent (12%) and four percent (4%), respectively.

For the 2022 application round, per US Census data, the most populous region is Region 4 and the second most populous region is Region 3.

5.4 Non-Targeted Funds

The remainder of any WH funds not fully allocated from the Regional (5.2) or Most Populous (5.3) set-asides shall be available for any competitively eligible project as Non-Targeted WH funds in a subsequent application round.

Per the Act (Section 1.1), any WH funds not fully allocated from the 20% Rural (Section 5.1) set-asides shall be made available as Non-Targeted WH funds after two (2) calendar years. Project allocations will be counted in any combination of cumulative eligible projects state-wide for the assessment of this set-aside requirement; once a cumulative 20% of the Rural set-aside has been allocated, any remaining Rural set-aside funds shall be made available in any subsequent application round as Non-Targeted WH funds.

5.5 Set-Aside Breakdown & Distribution

Refer to Exhibit A for more information regarding the availability of these set-asides.

In order to effectively maximize the distribution of WH funds, at application, applicants will identify to which set-asides their projects qualify. In allocating the WH funds, IHFA will prioritize allocating WH funds to projects qualifying as MF, Rural, Regional, and Most Populous, in that order, to meet the set-aside requirements.

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 include WH, LIHTC, HOME, HTF, and any project-based rental subsidy units (i.e., Section 8 & RD515).

There is no selection point criteria threshold for SF housing where the final project is intended for sale with the intent of income qualified home ownership.

6.1 Competitive Ranking

All developments that meet and pass the application thresholds set 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 workforce housing priorities:

1. Development Location;
2. Housing Needs Characteristics;
3. Sponsor Characteristics;
4. Tenant Populations with Special Needs;
5. Tenant populations of individuals with children;
6. Public Housing Waiting Lists;
7. The energy efficiency of the development

6.2 Point threshold

Developments requesting competitive WH funds must achieve at least 50 points to receive a fund allocation. Developments with less than 50 points will be disqualified.

The Association may, at its sole discretion, waive this requirement after the Application Round for current year funds. The aggregate Selection Criteria Points established by the Association at the time of the initial WH funds award must be maintained throughout the development's construction or the allocation 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 fund allocation. Refer to Section 4.2.

6.3 Rounding

When determining points awarded in categories that 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

6.4.1 Goods and Services

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 within the areas listed in Section 5.1.1

Rural Communities – communities that qualify as eligible communities per Section 5.1

- 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 (e.g. 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.

6.4.2 Public Housing Authority Wait List

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).

A 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 places in service.

6.4.3	Handicap Wait List	
	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).

A 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.

6.4.4	Larger Units	
	Developments that are targeted to larger households (those with children or populations of individuals wishing to cost-share via shared living arrangements) designate the following percentages of the rent-restricted units to three-bedroom or larger units for households. Such developments must provide appropriate communal amenities for children, families, or groups of individuals (e.g., open space, playground, laundry, gym, pet areas, etc.).	
	5.00% to 9.99% of the rent restricted units.....	2
	10.00% or greater of the rent-restricted units.....	3

6.4.5	Sponsor Experience	
	Sponsors who have a history of affordable housing compliance performance that is satisfactory to the Association, at its sole discretion.....	15

To be considered in this category, development(s) must have placed in service and have 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. Further, 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 notices of noncompliance with the respective regulatory agency or have any instances of late submission of required monitoring fees and annual reports, subject to the determination by the Association’s Compliance Department in its sole discretion.

The sponsor will provide the Association with the authorization to contact any Allocating Agencies by signing the Sponsor’s Previous Participation Certification (Sponsor Certification File) of the WH funds 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 Association, in its sole discretion.

Points may be awarded to projects in which the Sponsor does not qualify for the Experience Points but has retained the services of a property management company for the project that, at the sole discretion of the Association, does qualify for the Experience Points. Services must be retained for at least three (3) years. Awarding these points for property management experience in lieu of Sponsor Experience is at the sole discretion of the Association.

In making a determination to award points, the Association will consider circumstances which are beyond the Sponsor’s control, such as accidents or acts of nature, or recent acquisitions or assignments of distressed properties; Sponsors are encouraged to contact the Association prior to applying for WH funds to discuss any potential properties in these cases.

- 6.4.6 Qualified Census Tract, Difficult-to-Develop, or Area of Opportunity
Developments located in a qualified census tract, difficult-to-develop location, or a census tract with a poverty rate less than or equal to the State of Idaho’s overall average of 11.2%.....2

Qualified census tracts and difficult-to-develop areas can be located on the US Department of Housing and Urban Development’s website.

To check which census tracts have high percentages below the poverty line, please follow these instructions:

- Visit the FFIEC Online Census Data System for poverty rates by census tracts:
<https://www.ffiec.gov/census/default.aspx>
- Select the most current year.
- Select the State: 16-Idaho (ID)
- Click “Retrieve by County”
- Select the County that the development will be located in
- Click “Get Census Demographic”

Click “Income” under the data reports link

Information is listed by census tract number

The “% Below Poverty Line” must be less than or equal to 11.2%.

- 6.4.7 Extra Necessity
Developments will be awarded for being located in a Primary Market Area (PMA) with a target rental vacancy of 3.00% or less, as documented in the market study or appraisal that is submitted with the WH funds application.....6
- 6.4.8 Veterans Affairs Supportive Housing
Developments that give a waitlist preference to persons with HUD-Veterans Affairs Supportive Housing (VASH) vouchers.....2
- 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).*
- A 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.*
- 6.4.9 Federal Funding Sources
Developments that include no other non-ARPA federal funding* in the financing sources.....5
- *Non-ARPA Federal Funding includes any competitive or non-competitive funds originating from federal government entities (e.g. LIHTC, HOME, HTF, tax-exempt bonds, etc.) and does not include any awards from a local governmental entity’s ARPA-SLFRF allocations.*

6.5 Preference Points

The Act also requires that, during the selection process, preference is granted to developments that receive local governmental matching assistance/commitment to the creation of WH. The Act also encourages long-term solutions to the affordable housing crisis affecting the general workforce. Accordingly, the Association will grant preference points to eligible developments as follows:

- 6.5.1 Local Governmental Support
Developments that receive local government assistance in any financial form, including local ARPA-SLFRF funds.....5
- 6.5.2 Matching Support
Developments that receive matching assistance in a cumulative amount within one of the following percent ranges of Total Development Cost will be awarded the corresponding additional points.....Max 10

0.01% to 3.99%.....	1
4.00% to 5.99%	3
6.00% to 7.99%.....	5
8.00% to 9.99%.....	7
10.00% or Greater.....	10

Total Development Cost in this category does not include Developer/Consultant Fees or Development Reserves and will be calculated at the time the Application is submitted.

NOTE: Non-monetary assistance must be supported by a third-party documentation that values the assistance at the time of application. Any proposed assistance, at the Association's sole discretion, can be included for this calculation. Examples include, but are not limited to, city-allocated HOME funds, Tax Increment Financing, in kind contributions, donations, or permit or impact fee reductions.

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

Land contributions, including favorable term land leases, will only be considered in this category if the donor of the land is an unrelated party to the Developer and Sponsor. Documentation (real estate purchase and sale agreement, appraisal, etc.) must make reference to the value of the donation as an 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'.

6.5.3 Extended Use

Developments that are obligated to provide affordable WH use for at least 20 years beyond the initial required 20-year period of affordability.10

NOTE: This obligation will be set forth in the Workforce Housing Regulatory Agreement.

6.5.4 Cost Containment

Projects efficiently utilizing WH funds will be awarded the following points.....Max 8

For Urban or MF projects with 20 or more units

WH Dollars per WH Unit	Points
$\leq \$50,000$	8 Points
\$50,001 – \$74,999	6 Points
\$75,000 – \$99,999	4 Points
\$100,000– \$124,999	2 Points
$\geq \$125,000$	0 Points

For Rural and MF projects with less than 20 units

WH Dollars per WH Unit	Points
$\leq \$100,000$	8 Points
\$100,001 – \$124,999	6 Points
\$125,000 – \$149,999	4 Points
\$150,000– \$174,999	2 Points
$\geq \$200,000$	0 Points

SECTION 7 – DEVELOPMENT EVALUATION

7.1 Evaluation of Developments to Determine Funds Awarded

Developments that are selected through the Selection Criteria Point System will be evaluated to determine the amount of WH funds applicable to that development. Pursuant to the primary aim of the Act, the funds are only to provide a means of covering any gaps in financial sources to overall Total Cost of the development; therefore, the amount of funds available for a development may not exceed the amount necessary for its financial feasibility and viability throughout the period of affordability. The Association will consider the reasonableness of developmental and operational costs as an additional factor in making determinations as to the proper amount of WH funds to be allocated. Reasonable costs are amounts necessary to develop or manage an affordable WH complex which are neither excessive nor deficient.

For SF housing where the final project is intended for sale with the intent of income qualified home ownership, applications received that meet all the requirements in Exhibit J rather than the requirements in this section shall be awarded on a first-come, first-served basis for as long as the funding remains available.

7.2 Evaluations Made by the Association

The Association will conduct evaluations at two specific times, depending on the project characteristics, to determine the amount of applicable WH funds:

For MF Projects

1. Upon receipt of an Application for Workforce Housing funds;
2. Upon receipt of a final placed in service Application with final cost certification and prior to any final disbursement of funds held in escrow per Section 2.11.4

For SF Projects

1. Upon receipt of an Application for Workforce Housing funds by a SF developer;
2. After the final income-eligible Homebuyer has been approved by their mortgage loan originator for the purchase of the home

7.3 Evaluation Components

During each evaluation, the Association will determine the amount of WH funds to be allocated or finally awarded by considering the following components of each development:

1. Developmental costs; and
2. Funding sources available to the development for construction and permanent financing; including any:
 - a) Loans,
 - b) Grants & Subsidies,
 - c) Tax Credit Proceeds,

- d) Owner Equity; and
- e) Subordinate debt
- 3. Percentage of the WH funds dollar amount used for development costs other than the cost of intermediaries (Intermediary costs are defined as: syndication related organizational costs);
- 4. Projected operating income and expense, cash flow and tax benefits;
- 5. Maximum WH funds eligibility;
- 6. Debt Service Coverage Ratio compared to lender requirements or commercial lending practices, as applicable;
- 7. Lender or Equity Provider required Reserves; and
- 8. Contractor overhead and profit

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

7.3.1 Development Cost Standard

In the application round, the Association may conduct in-depth cost reviews for project applications.

During this review, the Association may require sponsors 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 (Section 6.4.6) declaration, etc.

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

- 1. Historical Affordable Housing 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., project per capita development).
- 2. Housing Demand: Is there a critical or pressing need for rental housing in the community that may not have been identified in the submitted market study.
- 3. Cost Rationale: Development costs that are higher than typical will trigger additional questions regarding the need for unique architectural adjustments and/or local planning design requirements that add incremental costs to the development (i.e., brick, stone, high-tech HVAC, elevators, green or local weather-related energy efficiency components).
- 4. Alternative Choices: Whether there are alternative choices within the market area that could mitigate excessive costs (i.e., site selection).

5. Broad Community Goals: The Association will be sensitive to the localized goals of the community in which the development is proposed.
6. Concentrated Affordable Housing: Whether there are an excessive amount of affordable and/or low-income housing in the immediate proximity to proposed project's location.

The Association employs cost standards to ensure the 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 less affluent households, as well as allowing for the maximum state-wide impact from available resources. The Association acknowledges there are some markets and development types that are more costly.

The Association further acknowledges 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 thoroughly review 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 Adjustments to Workforce Housing Funds Allocations

When actual WH fund proceeds are determined, there may be adjustments to the amount allocated. (The allocation will not be increased beyond the amount originally awarded unless an additional WH funds application is submitted and awarded.) WH funds will not be allocated to developments in excess of the

amount necessary to fund the equity gap as determined by the Association. If actual development costs or funding sources differ substantially from the projections submitted in the application, the Association may reduce the final WH fund allocation or the sponsor may establish development reserves (subject to Association limitations) to offset the deficit if the development has sufficient WH fund eligibility. The conditions for such reserve accounts will be determined on a case-by-case basis.

7.3.4 Developer Fees

Developer fees for projects will only be included in the calculation for WH funds equity contribution calculations based on the tables below. Any developer fees included in the project that exceed these percentages will be excluded from the determination of Total Development Cost. Developer fees shall include Developer Overhead and Profit, and any Consultant Fees for services normally performed by the developer.

Developer fees for projects with LIHTC/HOME/HTF funding will be limited by the restrictions set forth for those programs.

New Construction:

Total Units (including manager/employee units)	Maximum includable Developer Fee as a percentage of Total Development Cost 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:

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

**Acquisition Cost will be limited to the lesser of the sale price or the appraised value of the property as determined by a third-party appraiser less appraised dollar balance of any reserves that will be transferred with the property.*

7.3.5 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 WH funds.

7.3.6 Contractor and Construction Management Fees

Contractor and Construction Management fees will only be included in the calculation for WH funds equity contribution up to 14% of the total Construction Costs*, and should 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
TOTAL CONTRACTOR FEES	14% of Construction Costs*

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

7.3.7 Architect and Engineering Fees:

Architect and Engineering Fees will only be included in the calculation for WH funds equity contribution up to 8% of the total Construction Costs*, and should typically be segmented as follows:

Service	Maximum Fee
Architect Fee	4% of Construction Costs
Engineering Fee	4% of Construction Costs
TOTAL	8% of Construction Costs*

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

7.3.8 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 will only be included in the calculation for WH funds equity contribution up to the percentages of the total Construction Costs* in any case where a potential identity of interest can be determined to exist per the following table below. Such identities may be considered automatically to occur 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	Contractor & Construction Management Fees
-------------	---

(including manager/employee units)	eligible for WH funds as a percentage of Construction Costs*
New Construction: 1 - 60 units	10%
New Construction: 61 or more units	8%
For Acquisition 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.*

7.3.9 Construction Contingency

Construction Contingency will be limited to 10% of Construction Costs* in the calculation for WH funds equity contribution.

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

7.3.10 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 proformas 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 F.

7.3.11 Subordinate Debt

Sponsors who are proposing subordinate debt must include the terms of the loan, and proformas 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.

7.3.12 Sources and Uses

Sponsor must provide a letter of intent or commitment (from any Lenders or Equity Providers) for the investment of all required equity and loan funds in the development. Said document(s) need 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)

7.3.13 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 a part of the eligible Total Development Costs used in the calculation of eligible WH funds. The Association will review this amenity as it pertains to competing developments in the market area and its inclusion will depend on local market conditions and the Association's assessment.

7.4 Factors Limiting the Workforce Housing Funds Allocation

7.4.1 The amount of WH funds allocated to MF developments will be the lesser of:

1. The Maximum WH Fund Eligibility* of the development; or

**Maximum WH fund eligibility is the maximum amount of funds justified by a percentage of the development's qualified Total Development costs. This percentage is to be agreed upon by the Association and the Sponsor, as elected in the application for WH funds, and is to not exceed 50% of eligible Total Development Costs in Urban or MF developments with 20 or more units or 75% of eligible Total Development Costs in Rural and MF developments with less than 20 units.*

2. The amount necessary to fill any Funding Gaps (per the Act; Section 1.1); or

**A Funding Gap is the difference between eligible Total Development Costs (Section 7.3) and 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).*

3. \$4,000,000*; or

**Per project maximum award (Section 4.1).*

4. An amount that does not exceed the Maximum Per Unit Limit*.

**Allocations of WH funds shall not exceed an amount equal to \$250,000 per MF WH unit.*

7.4.2 The amount of WH funds allocated for SF home ownership will be the lesser of:

1. The Maximum WH Fund Eligibility* of the housing; OR

**WH Fund Eligibility is an amount of funds not to exceed 20% of the total transaction cost incurred by the final income eligible homebuyer*

2. An amount as shown in Exhibit J per the characteristics indicated in the application for WH funds; OR

3. An amount that does not exceed the Maximum Per Unit Limit*.

**Allocations of WH funds shall not exceed an amount equal to \$49,000 per SF WH unit. WFH funds will be provided to the end home buyer upon transfer of title from the developer to the homebuyer.*

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 along with a \$1,500 fee addressed to:

(via USPS)

Workforce Housing Appeals Committee
c/o IHFA
PO Box 9405
Boise, Idaho 83707-1899

(via FedEx/UPS)

Workforce Housing Appeals Committee
c/o IHFA
565 West Myrtle Street
Boise, ID 83702

The appeal request is deemed filed when it is received by the Association at the above-stated physical address. Failure to file a timely appeal shall constitute a waiver of the right to an appeal.

The Workforce Housing Appeals Committee, delegate(s) that are not involved in the initial underwriting or scoring of any application, shall review appeal requests under the guidelines found in the current WHAP, 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 Appeals Committee and included with the concise outline mentioned above. During the appeal process, the Appeals Committee will limit the review to the information contained in the original application, unless it is determined that circumstances call for additional information.

The Appeals Committee 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 Cost Certification

Prior to an allocation award and final disbursement of WH funds, the Association will require cost certifications prepared by an independent third party Certified Public Accountant to ensure total development costs are as indicated with final funding requirements within the allowable percentages as indicated in Section 7.

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 Exhibits G-1 and G-2 shall be submitted to the Association. In any event, all certifications must include a certification signed by an accountant that is acceptable to the Association and clearly indicates the method of certification and addresses all identities of interest.

8.2 Requirements

The Cost Certification shall include the following:

1. The accountant preparing the cost certification must certify all costs are related to the development and do not include costs for organization, syndication or professional fees or consultant fees related to syndication;
2. 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.
3. If the land or property is purchased from a related party, the owner must submit an independent appraisal to substantiate fair market value; and
4. 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 WH application, utilizing the form set forth in Exhibits G-1 and G-2.

8.4 Authority to Determine Maximum Workforce Housing Funding

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 amount a project may be allocated WH funds.

Final disbursement of WH funds may be adjusted should the cost certification not justify the full use of the WH funds limitation as set in this WHAP.

SECTION 9 – ARCHITECTURAL REQUIREMENTS

9.1 Threshold Architectural Requirements

In addition to local, state and federal laws, developments receiving WH funds allocations must, at a minimum, meet the applicable requirements adopted by the Association 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 as mentioned below.

NOTE: The intent is 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 Association Requirements (for all developments):

- Broadband Infrastructure Installation for all developments unless the Association has determined the cost places an undue financial burden on the development, or the development's location or structure makes installation infeasible.
- 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 the Association's 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 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 WH developments but do not imply 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 – ALLOCATION LIMITATIONS

11.1 Allocation Limitations

During the allocation process, the following limitations shall apply:

11.1.1 Limitation on the amount of workforce housing funds to any one entity

As determined by the Association, in its sole discretion, the maximum WH funds 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 \$4,000,000 in each of no more than two (2) in-process MF developments OR the lesser of \$49,000 per unit or 20% of SF developments where the intent is the final ownership by an income eligible homeowner. In-process developments will include developments which have received WH funds from prior application rounds, and will include all WH funds 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 awarded allocations. In the case insufficient applications are received to fully distribute any available WH funds in a current application round, the Association, at its sole discretion, may award a third WH allocation to another project of a Sponsor/Developer that has received an allocation award(s) of WH funds. Under no circumstance will a Sponsor/Developer receive more than three (3) WH funds allocation awards for in-process applications and/or developments.

‘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 MF affordable housing project, or purchasing an existing project with the intent of rehabilitating the project, in which WH funds 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 WH funds amount awarded to the development will be proportionately divided between the co-Sponsors or co-Developers and then be added to their respective cumulative WH funds on developments that have not yet been placed-in-service. The percentages of co-sponsorship or co-development will be determined by the information disclosed in the WH funds application and will be later verified by the Association’s review of executed organization and development agreements if a WH funds 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 WH funds awarded to any one sponsor or developer per application round is also mentioned in Section 4.1.

11.1.2 Limitation on Transfers

Workforce Housing funds allocations may not be transferred. It is anticipated the Developer and the general partner(s), manager(s), or managing member(s) designated in the application will participate in the development of WH developments, and any unapproved changes in Developer or general partner status may result in forfeiture of the allocation and/or disbursement. 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 allocation.

11.1.3 Site and Development Specificity

Workforce Housing funds allocations 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 reevaluation of the development, and sponsors will be required to submit a revised application and an additional application fee. Those developments in the allocation stage will continue to be subject to the original allocation expiration date.

11.1.4 Association's Right to Reject Applications

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

1. To reject any application for WH funds if, in its sole discretion, the proposed development is not consistent with the goals of providing decent, safe and sanitary housing for persons with income levels identified as 'Workforce' level, as set forth in Section 2, or the Association may impose additional conditions on the application of any development in order that such development can meet said requirements;
2. At its sole discretion, to reject or discount applications from previous participants from any program who have failed to complete their developments in accordance with the applications and/or certified plans presented to the Association; including those who have failed to effectively utilize allocated WH funds, tax credits, HOME funds, or HTF funds, or who have developments in substantial noncompliance with their respective programs;

3. To reject applications which, in the sole discretion of the Association are not consistent with the proper and effective utilization and allocation of the WH funds under this WHAP; and,
4. 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).
5. To waive, in its sole discretion, any provision of this plan as long as such waiver is not contrary to the Act or ARPA requirements.
6. To interpret, in its sole discretion, any provision of this Plan as long as such interpretation is not contrary to the Act or ARPA.
7. To enforce, in its sole discretion, any provision of this plan as long as such enforcement is not contrary to the Act or ARPA.

11.1.5 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 WH funds or the approval or administration of this plan.

11.1.6 Disclosure of Application Information

All information contained in 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 the Association, 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 the Association 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 WH funds dollar amount which is not made in accordance with established priorities and selection criteria contained in this WHAP. Consistent with this provision, the Association, at its sole discretion, may elect to waive or not to enforce a provision it views as unworkable or undesirable.

11.1.7 Association Evaluation Is Not a Warranty

Issuance of a WH funds allocation or disbursement 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 12 – COMPLIANCE

12.1 Compliance Monitoring

Sponsors/owners are responsible for ensuring compliance with all aspects of the WH funds program as indicated in this WHAP and the requirements of ARPA-SLFRF. Additionally, all developments receiving WH funds are subject to compliance monitoring and reporting procedures as required by the Association, the State of Idaho, and the US Department of Treasury and HUD. Specific guidelines pertaining to monitoring and reporting are included in the WH funds 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 Association Compliance Manual is incorporated into this WHAP 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 the Act. They are subject to amendment or change in order to ensure continuing conformance with the US Department of Treasury requirements.

12.2 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
- Overlay of Other Assistance Programs
- Dispositions of WH 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 WH funds-financed properties.

Housing sponsors/owners are reminded that they are ultimately responsible for all aspects of compliance with WH program requirements. The Association's Compliance Manual is not an all-inclusive document, and should not be relied upon in lieu-of program provisions, rules, and requirements specified by the State of Idaho or the US Department of Treasury and/or any future revisions pertaining to such provisions, rules, or requirements. The Manual is provided in order to disclose the procedures that will be followed in on-going monitoring of program compliance.

12.3 Changes in Ownership and/or Property Management Agent

Any changes in the ownership entity or the property management agent, subsequent to allocation and throughout the extended use period, must be approved in writing by the Association. Failure to secure such approval may result in withdrawal of the WH funds.

12.4 Management Plan

The Association requires submission of a copy of the development's executed Management Plan at the time the development applies for WH funds. 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 that includes the following:
 - Provision for staff training;
 - Advertising;
 - 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 any stakeholder entity).

12.5 Property Manager(s)

All property managers are required to receive, or will receive within 90 days, adequate program-specific training (WH funds, 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 who demonstrates poor performance. Fees for third party oversight are the responsibility of the owner/agent.

SECTION 13 – AMENDMENTS TO WORKFORCE HOUSING ALLOCATION PLAN:

MISCELLANEOUS

13.1 Plan Amendments

Upon approval by the Association's Board of Commissioners and in compliance with all applicable requirements of the Act, the State of Idaho, and the US Department of Treasury, the Association may, prior to or during the allocation year, amend this WHAP when changes are necessary to administer the WH funds to effectively serve the WH needs in the state and to conform with any amendments to the Act or requirements as set by the US Department of Treasury. All program participants will be notified of amendments in writing.

13.2 Inconsistencies with the Program Requirements

If any provision of this WHAP is inconsistent with the provisions of the Act (Section 1.1.) or the requirements for ARPA-SLFRF as set by the US Department of Treasury (Section 1.3), including any future amendments thereto, or any existing or new regulations governing the WH funds, 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.

EXHIBIT A: Workforce Housing Funds Distribution Summary

All 2022 WH funds shall be disbursed according to the following table.

Region	Rural (5.1)	Regional (5.2)	Most Populous (5.3)	Total
Region 1	\$2,000,000 (4%) <i>MF: \$1,000,000</i> <i>*SF: \$1,000,000</i>	\$4,000,000 (8%)		\$6,000,000 (12%)
Region 2	\$2,000,000 (4%) <i>MF: \$1,000,000</i> <i>*SF: \$1,000,000</i>	\$4,000,000 (8%)		\$6,000,000 (12%)
Region 3*	\$2,000,000 (4%) <i>MF: \$1,000,000</i> <i>*SF: \$1,000,000</i>	\$4,000,000 (8%)	\$2,000,000 (4%)	\$8,000,000 (16%)
Region 4*	\$2,000,000 (4%) <i>MF: \$1,000,000</i> <i>*SF: \$1,000,000</i>	\$4,000,000 (8%)	\$6,000,000 (12%)	\$12,000,000 (24%)
Region 5	\$2,000,000 (4%) <i>MF: \$1,000,000</i> <i>*SF: \$1,000,000</i>	\$4,000,000 (8%)		\$6,000,000 (12%)
Region 6	\$2,000,000 (4%) <i>MF: \$1,000,000</i> <i>*SF: \$1,000,000</i>	\$4,000,000 (8%)		\$6,000,000 (12%)
Region 7	\$2,000,000 (4%) <i>MF: \$1,000,000</i> <i>*SF: \$1,000,000</i>	\$4,000,000 (8%)		\$6,000,000 (12%)
Non-Targeted				
Total	\$14,000,000 (28%)	\$28,000,000 (56%)	\$8,000,000 (16%)	\$50,000,000 (100%)

MF: Multifamily; SF: Single Family (Section 5.1.4)

After two (2) calendar years from the effective date of any Notices of Funding Available for WH funds, any unallocated Rural set-aside, per the Act, shall be added to the next available competitive application round's Non-Targeted WH funds. Any unallocated Rural set-aside funds shall be added to the non-targeted pool once a cumulative 20% of all WH funds (\$10,000,000) have been allocated to eligible Rural developments. After one (1) calendar year from the effective date of any Notices of Funding Available for WH funds, any unallocated Regional or Most Populous Region set-aside funds shall be added to the next available competitive application round's Non-Targeted WH funds.

After the conclusion and awarding of eligible projects from the initial competitive application round with an application deadline of October 7, 2022, up to 50% of each region's remaining Rural set-aside (up to \$1,000,000) shall be made available to eligible SF developments where the final project is intended for home ownership by income-eligible homebuyers.

At the Association's sole discretion, additional application rounds may be announced if needed to effectively utilize the WH funds giving a 60-day notice. Returned or carryforward WH funds may be awarded outside of an application round following the conditions mentioned in Section 3.2.2.

**For 2022, Region 4 and Region 3 are identified as the Most Populous and Second Most Populous regions, respectively, per the US Census and are therefore allocated an additional 12% and 4% of the total WH funds per section 5.3.*

EXHIBIT B: Application Requirements

A. Applications for Multifamily Workforce Housing Funds Allocations Shall Include:

01. LIHTC/HOME/HTF/WH Funds Combined Application Form
02. Selection Criteria & Preference Points Self Score
Please include certifications or other documentation to warrant selection criteria/preference points. Points will not be counted without adequate documentation.
03. Previous Affordable Housing Participation Certificate for Sponsor/Owner
04. Previous Affordable Housing Participation Certificate for Developer
05. Previous Affordable Housing Participation Certificate for Property Management Agent
06. Affirmative Fair Housing Marketing Plan
07. Sponsor Certification
08. Letter(s) of Interest or Commitment(s) from proposed construction and permanent Lender(s)
Documents need to identify and outline all relevant specific terms of the loan(s), including rates, term, amortization period, all relevant fees and costs, structure, required reserves, debt coverage covenants (if applicable), and bond-specific terms (for tax-exempt bond financed projects) either being offered or proposed. This list may or may not be complete depending on the specific conditions of the project; IHFA may require, at its sole discretion, additional documents or clarifications.
09. Letter of Interest for any Equity Provider(s) for the investment of all required equity and loan funds in the development
Documents need to identify and outline all relevant specific terms of the equity contribution, including pricing, costs/management fees, structure, equity injection schedule, required reserves, debt coverage covenants (if applicable), and income averaging requirements (if applicable) either being offered or proposed. This list may or may not be complete depending on the specific conditions of the project; IHFA may require, at its sole discretion, additional documents or clarifications.
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 proforma
14. Narrative description of the development
15. Market Study and Project Feasibility Documents
A current (no more than 6 months old) Market Study, appraisal, and/or market rent and vacancy documentation is required which recommends and justifies the overall market area demand for the proposed rental units. See Exhibit G for Market Study Requirements
16. Legal description
17. Location map
18. Sketch plan of site, typical unit layout, building elevations

19. Evidence of initial site control or intent thereof (purchase agreement, option, etc.)
20. 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)
21. Résumés for Sponsor(s)
22. Résumés for Developer(s)
23. Résumé for General Contractor
24. Résumé for Property Management Agent
25. Résumé for Consultant; if applicable
29. 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, if applicable
30. Application Fee
31. Sponsor & Developer Certification of Understanding & Compliance of Treasury Guidance for ARPA-SLFRF Funds

Additional Documents for Acquisition Applications

32. Current (6 months or less) independent third party appraisal* that includes market value (net of appraiser-recommended repairs) of the existing development with land value broken out separately

**An update will be allowed up to 6 months after the original appraisal date; although in no instance will the Association accept an appraisal beyond 12 months of the original date.*

33. Documentation that details the dollar amount of any operating and/or replacement reserves that will be transferred with the purchase of the property

B. Applications for Final Multifamily WH Placed-in-Service Shall Include:

01. Updated LIHTC/HOME/HTF/WH Funds Combined Application Form
02. Updated Sponsor Certification
03. Updated documentation substantiating utility allowance calculations
04. Certificate(s) of Occupancy
05. Recorded signed WH funds Regulatory Agreement and recording priority list
06. Executed permanent loan documents, in particular the Note, recorded Deed of Trust, and Owner's Title Policy
07. Final Cost Certification Letter and Final Cost Certification Form by Certified Public Accountant (See Exhibit F)
08. 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 ADA accessibility 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)

09. If applicable, executed 'As-Built' Certification for High-Quality Building from a licensed Architect.

(See Exhibit D-2). 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 if not already received by the Association.
11. If applicable, evidence of receipt of grant funds
12. If Selection Criteria/Preference points were awarded at WH funds allocation, 'As Built' Architect Certification for Development Amenities to substantiate points awarded

C. Applications for WH funds intended for final income eligible single family home ownership (down payment/closing costs assistance):

Please see Exhibit J of this WHAP for all requirements pertaining to SF WH application requirements.

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 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.
- 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

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 High-Quality 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 High-Quality 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: < 1.0 gpm
 - Kitchen faucets: < 1.5 gpm
 - Toilets: < 1.3 gpf or dual-flush toilets
 - Shower heads: <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 70 or less for new construction developments

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 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.
- 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

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-2: As-Built Architect Certification for High-Quality 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 High-Quality 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: < 1.0 gpm
 - Kitchen faucets: < 1.5 gpm
 - Toilets: < 1.3 gpf or dual-flush toilets
 - Shower heads: <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 70 or less for new construction developments

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 E: Sponsor & Developer Certification of Understanding & Compliance of
Treasury Guidance for ARPA-SLFRF Funds**

The undersigned _____ (the Sponsor/Owner), _____ (the Developer), and _____ (the Property Management Agent) hereby certify, warrant, and covenant all requirements under the Act (Idaho House Bill 701 – 2022) and the American Rescue Plan Act (ARPA) of 2021 as it pertains to State and Local Fiscal Recovery Funds (SLFRF), which govern the award, construction, and use of SLFRF awards for Affordable Workforce Housing under the Idaho Workforce Housing Funds Act, have been read and understood, and shall be upheld for the affordable housing development of _____ (the Development) for as long as the Development remains in its Period of Affordability and encumbered under the Development’s Workforce Housing Land Use Regulatory Agreement.

Further, the Sponsor, Developer, and Property Management Agent certify and agree they shall comply with the Idaho Housing and Finance Association’s (the Association) compliance management requirements per the rules of ARPA-SLFRF awards and the Workforce Allocation Plan, including any reporting requirements and refrain from engaging in any transactions where federal monies will be received by any individual or entity that has been barred from federal funds, and ensure any and all future applicable ARPA-SLFRF rules be upheld and implemented in the management of the Development from the time of initial award until the development is no longer bound under the Period of Affordability as governed by the Workforce Allocation Plan and the Development’s Workforce Housing Land Use Regulatory Agreement.

Failure to comply with the Association’s, the ARPA-SLFRF’s, the Workforce Allocation Plan’s, or Treasury’s requirements may result in the immediate repayment of any and all awarded ARPA-SLFRF Workforce Housing funds plus any applicable fees.

SPONSOR/OWNER:

By: _____
Name: _____
Company: _____

DEVELOPER:

By: _____
Name: _____
Company: _____

PROPERTY MANAGEMENT AGENT:

By: _____
Name: _____
Company: _____

EXHIBIT F: Underwriting Guidelines

Acquisition Costs (Section 4.13):

Acquisition costs will be limited to the lesser of the sale price or the current appraised value of the property, that includes the market value (net of appraiser recommended repairs), with land value broken out separately.

Projects in which WH funds are to be used to acquire an existing housing structure(s) must adhere to the following requirements:

- 1) The property's present use must not be currently deed restricted for affordable housing under any program; AND
- 2) The condition of the housing units and related buildings must already be in or be rehabilitated to a condition equivalent to comparable market rate units/buildings. This evaluation is at the sole discretion of the Association and the submission of any/all evidentiary documentation is the sole responsibility of the applicant.

Affordability (Section 4.9.7):

The maximum WH 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.

Architect & Engineering Fees (Section 7.3.7):

Architect and Engineering Fees included in the total development cost 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
TOTAL	8% 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 Contingency (Section 7.3.9):

Construction Contingency will be limited to 10% of Construction Costs* in the calculation for WH funds equity contribution.

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

Construction Loan Interest in Eligible Total Development Costs (Section 7.3):

Interest on a construction loan that is used for depreciable improvements can be included in the total development cost for the production period only. The Association will use the timeframe disclosed on Sheet 18 of the WH funds 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 WH funds (See Exhibit B).

Contractor & Construction Management Fees (Section 7.3.6):

Contractor & Construction Management fees in the total development cost 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
TOTAL CONTRACTOR FEES	14% of Construction Costs*

**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 the total development cost 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 Total Development Cost as a percentage of Construction Costs
New Construction: 1 – 60 units	10%
New Construction: 61 or more units	8%
All acquisition developments	10%
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.*

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 tax-exempt bond developments 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 a timeframe acceptable to the Association and/or required by equity provider(s) or other funding program requirements. If this requirement is not provided, the Association will use a 12-year time frame in making this determination.

Developer Fee Limits (Section 7.3.4):

Developer fees included in the total development cost 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 WH funds is received. Developer fees include Developer overhead and profit, and any consultant fees for services normally performed by the developer. Developer fees are limited to the following:

New Construction:

Total Units (including manager/employee units)	Maximum Developer Fee as a percentage of Total Development Cost (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:

All Acquisition Developments	Maximum Acquisition Developer & Consultant Fee
Regardless of number of units	5% of Total Acquisition cost excluding the proposed Acquisition Developer Fee

Income and Rent Limits: (Section 4.9.7 and Section 7):

Income limits for WH-unit households will be limited to the lesser of the maximum allowable income under the WH program (300% of the US federal poverty guideline) or the targeted AMI level as indicated in the application for WH funds. All limits are determined by household size; AMI targets are also determined by the area where the project is located.

The Association relies on Novogradac's Rent and Income Limit Calculator to determine affordable rent and income limits in any given area in the state for units targeting 20% to 80% of AMI. A hotlink is provided on the Association's website at www.idahohousing.com under Project & Business Financing / Multifamily Financing / Low Income Housing Tax Credits (LIHTC).

Income and Rent Targeting (Section 4.9.7 & Section 7.3):

In underwriting, the Association will use the maximum rents allowed for each proposed AMI level, provided the maximum allowable rents 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 7.3.10):

The Association has established a minimum annual operating expense per unit of \$4,000 (inclusive of replacement reserves) for Urban and MF developments with 20 or more units, and \$2,000 for Rural and MF developments with less than 20 units. 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 7.3.5):

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 WH funds application.

Property Taxes (Section 7.3.10):

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.

Replacement Reserves (Section 7.3.10):

Replacement reserves should be in line with prudent industry standards and in most instances, should not be less than \$300 per unit. However, the Association in its application review will take into consideration: 1) the \$300 benchmark, and 2) the replacement reserve requirement of any equity provider(s) and/or permanent lender(s).

Subordinate Debt (Section 7.3.11):

Sponsors who are proposing subordinate debt must include the terms of the loan, and proformas 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.

Trending (Section 7.3.10):

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 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 five percent (5%) 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 four percent (4%) vacancy rate.

EXHIBIT G-1: Final Costs Certification

Independent Auditor's Report

Date: _____

To: Idaho Housing and Finance Association
565 West Myrtle (FedEx) P.O. Box 9405 (USPS)
Boise, ID 83702 Boise, ID 83707

And

_____(the Owner)
____Address
____City, State Zip

Re: _____
(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 total development cost 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

Name, Position

EXHIBIT G-2: Final Costs Incurred

Include all costs incurred in project development exclusive of syndication fees and syndication related costs. Indicate the amount of Total Development Cost for WH funds purposes in the appropriate column. Refer to Section 8 of the Allocation Plan for requirements.

ITEMIZED COSTS (Identify 'Other' items)	Actual Cost		TOTAL COST	ELIGIBLE TOTAL DEVELOPMENT COST
	PAID	TO BE PAID		
To Purchase Land and Buildings:				
Land				
Existing Structures				
Demolition				
Legal Costs				
Title & Closing Costs				
Interest Attributed to Land				
Subtotal				
For Site Work:				
Site Work				
Off Site Improvement				
Other				
Subtotal				
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				
Subtotal				
<i>* General Requirements, Overhead and Profit limited to a total 14% of Construction Contract.</i>				
For Architectural and Engineering Fees:				
Architect Fee – Design				
Architect Fee – Supervision				
Engineering Fees/Survey				
Subtotal				
Subtotal Page 1				

EXHIBIT F-2 - CONTINUED

ITEMIZED COSTS (Identify 'Other' items)	Actual Cost		TOTAL COST	ELIGIBLE TOTAL DEVELOPMENT COST
	PAID	TO BE PAID		
Subtotal Page 1				
For Permits:				
City Permits				
Permits				
Plan Checks				
Subtotal				
For Interim Costs:				
Construction Insurance				
Construction Interest (only during Const. Term)				
Construction Loan Origination Fee				
Title Insurance/ Escrow/ Recording/Closing				
Construction Taxes				
Legal Costs				
Subtotal				
For Permanent Financing Fees and Expenses:				
Credit Report				
Permanent Loan Origination Fee				
Title and Recording/Closing				
Legal Costs				
Other				
Subtotal				
For Soft Costs:				
Property Appraisal				
Market Study				
Environmental Report				
Soil Tests				
Tax Credit Fees				
Rent Up Expense				
Organizational Costs (Excluding Syndication)				
Subtotal				
Developer's Fees (Not to Exceed 15% of total cost, excluding reserves, developer and consultant fees):				
Developer Fee – (includes profit and overhead)				
Consultant's Fee				
Subtotal				
Subtotal Page 2				

EXHIBIT F-2 - CONTINUED

ITEMIZED COSTS (Identify 'Other' items)	Actual Cost		TOTAL COST	ELIGIBLE TOTAL DEVELOPMENT COST
	PAID	TO BE PAID		
Subtotal Page 2				

For Project Reserves:

Rent-Up Reserve				
Operating Reserve				
Other				
Other				
Subtotal				

Subtotal Page 3				
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Grand Total All Pages				
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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
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
TOTAL		(Must equal total development costs)
<i>Developer equity and/or deferred development fees must be certified as received or payable as applicable.</i>		

EXHIBIT H: Market Study Requirements

For all developments with less than 20 units, evidence must be submitted that shows:

1. The development has the ability to sustain occupancy at 93% or greater;
2. The market rate rents for each unit type in the development;
3. The necessity of the development is warranted; and
4. The value of the property and any structures it contains.

Non-professional documentation may be submitted provided the contents are readily verifiable by the Association. The Association may, at its sole discretion, deem any submitted documentation as inadequate during the evaluation stage and require more substantial documentation. A project application with insufficient warranting evidence may be denied per the requirements of the ARPA – SLFRF program requirements.

For multifamily developments with more than 20 units, sponsors must submit a current market study for review by the Association.

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 developments, a previously completed 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 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 locations 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, 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, HOME, or WH) and with rents adjusted to account for utility differences and concessions or other incentives. Such description should include all existing affordable developments in the primary market area and any planned additions to rental stock including recently approved affordable 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 workforce and other existing affordable rental housing.

In addition, ensure the market feasibility report addresses the following:

- Market and affordable housing unit demand currently needed, anticipated housing unit demand at the time the proposed development will be completed, and evidence of COVID-related detrimental impact on the economic or health of target market households.
- Comparable rental housing including 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 WH 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. Market study analyst must visit the proposed site.
- If there are no local comparable units, the market study or appraisal should utilize comparable units in developments from other nearby communities.
- If the proposed development is designed for, and dedicated to, a targeted market segment, 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
- If LIHTC funds are requested, additional market study and appraisal requirements for these programs may be found in Exhibit H of the LIHTC QAP.

Should the study or update not provide a definitive conclusion regarding any of these points, the housing sponsor, at the Association's sole discretion, will be subject to failing the market study threshold.

EXHIBIT I: Certification for Waitlist Preferences

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

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 #2).
- ☐ Preference to households that contain one or more members with a handicap as defined in the Fair Housing Act (Selection Point Criteria #3 and definition below):

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)].*

- ☐ Preference to persons with HUD-Veterans Affairs Supportive Housing (VASH) vouchers. (Selection Point Criteria #8).

_____ (the Sponsor) further certifies and agrees they shall furnish a copy of the Development'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 the Development applies for placed in service.

SPONSOR:

By: _____
Name: _____
Company: _____

PROPERTY MANAGEMENT AGENT:

By: _____
Name: _____
Company: _____

EXHIBIT J: Workforce Housing Fund Single Family Activities Guidance and Requirements

1. Program Information

The Workforce Housing (WH)-Single Family (SF) activities set-aside is designed for eligible developers to build SF homes/properties that are to be sold to income-eligible homebuyer households. Developers will be awarded a non-work force housing competitive construction loan to construct SF housing, which is to be repaid upon sale of the home, in addition to an award to be tied to each unit that will be distributed at closing to lower the transactional cost of the Homebuyer.

1.1 Application Information

Applications for WH-SF funds shall be accepted at any time after the final Multifamily awards have been made from the October 7, 2022 deadline competitive round (approximately December 2022) until 5:00 p.m. Friday, June 2, 2023 and be awarded on a first-come, first-served basis for as long as funding remains available for WH-SF activities and as long as applications are complete with respect to the requirements of the WHAP and this Exhibit.

Applications are to be submitted electronically only through the Procore submission portal. Please contact Michael Leary (MichaelLe@IHFA.org) to setup access to the Procore portal for a proposed project or for any questions or technical assistance needs regarding SF proposals.

1.2 Owner-Developer Qualifications

Owner-Developers applying for WH-SF funds must:

- Be an IRS non-profit designated entity
- Be a registered business entity with the State of Idaho
- Be in good standing with the State of Idaho, the US Department of Treasury, and the Association (as determined by IHFA)
- Demonstrate development experience of the same scope, size, and complexity of the proposed activity

1.3 Eligible Activities

Projects awarded funds for WH-SF activities are to be for new construction of SF properties to be sold to income-eligible homebuyer households (Fee Simple).

Projects applying for WH-SF funds that include rental activity or any units to be sold to non-income-eligible homebuyer households will be declined.

1.4 Specific Award Conditions & Limitations

Awards of WH-SF funds expire one (1) year from the award date, and awardees must have all individual projects identified, a budget approved by IHFA, and an Executed Loan and Regulatory Agreement by the expiration date. At that time, all or a portion of the award may be rescinded by the Association for use in another project. A 30-60 day extension request may be submitted in writing if a site is identified, all pre-construction processes, including but not limited to budget preparation, bid collection, and selection, etc. are nearing completion, and the project can reasonably close in that timeframe. Requests for extensions may be denied at IHFA's sole discretion.

Awards of WH-SF funds are available in any Region (WHAP Section 5) in Idaho where the cumulative WH-SF award amounts have not exceeded that Region's WH-SF set-aside and funds are still available.

1.5 Homebuyer Requirements

1.5.1 Homebuyer Investment and Maximum Assistance Levels

Homebuyers must contribute at least \$500 plus any available funds that are not excluded in 1.5.3 toward the final purchase transaction (Sales Price*) of an eligible home constructed with WH-SF funds to be included as the Homebuyer's Investment**. Homebuyer's who meet this minimum investment requirement shall receive up to the Maximum Eligible Assistance***.

** Sales Price is the final transaction cost inclusive of any taxes, fees, or points paid at closing.*

***Homebuyer's Investment – Includes all contributed funds from the homebuyer; may include gift(s) with proper documentation per standard IRS rules regarding gifts for home-buying*

****Assistance awards are limited to the lesser of twenty percent (20%) of final purchase transaction cost, \$49,000, or an amount sufficient to cover any gap in funds available to the Homebuyer and the final Sales Price.*

1.5.2 Homebuyer Credit Score

Eligible Homebuyers must have:

-A credit score in good standing consistent with the Association's mortgage loan guidelines (with the following exceptions); AND

-Any pay-off collections, judgments, or liens approved per Automated Underwriting findings within the past 12 months be reviewed and approved by the Association. Further, the Association will generally require payoff or proof of payment plan and adherence to said plan for all collections, judgements or liens, even if lender guidelines allow these to be excluded.

-Automated or manual underwriting approval by the primary lender does not guarantee qualification or approval for WH assistance.

-A current Tri-merge credit report

1.5.3 Homebuyer Maximum Liquid Assets

Eligible Homebuyers cannot exceed the following liquid assets requirements:

Under Age 62 (where all household members are aged less than 62 years):

-Household liquid assets at the time of application for WH-SF funding cannot exceed \$30,000.00, excluding retirement accounts. Exceptions may be made for proceeds from the recent sale of the homebuyer's principle residence, provided need for assistance can be documented.

-Household liquid assets at closing may not exceed \$15,000.00 (excluding retirement accounts). Liquid assets greater than \$15,000.00 must be used to pay down existing debt or invested into the property. Any other use of excess funds must be approved by the

Association. Receipts from asset expenditure as well as new bank statements showing the balances at or below \$15,000.00 will be required prior to closing.

Age 62+ (where at least one [1] household member is aged 62 years or older):

-Household liquid assets cannot exceed \$100,000.00 at application, excluding retirement accounts. Exceptions may be made for proceeds from the recent sale of the homebuyer's principle residence provided the need for assistance can be documented.

-Income from assets over \$5,000.00 (interest, dividends, etc.) will be included in the income calculation.

-Borrower must qualify for, and accept the maximum 1st mortgage available and affordable to buyer, as defined under "Homebuyer Maximum PITI" below (1.5.5).

1.5.4 Homebuyer Education & Counseling Requirements

Prior to loan closing, eligible Homebuyers must:

- 1. Complete an Association-approved Homebuyer Education course (e.g. Finally Home!) for all borrowers*
- 2. Complete at least one (1) individualized (one-on-one) counseling session prior to loan closing*
- 3. Complete a 'recurring monthly expense' budget during their one-on-one counseling session, which will be submitted to the Association as part of their application evaluation process.*

1.5.5 Homebuyer Maximum PITI

"Affordable" housing is defined by the Association as no more than 35% of a household's annual gross income paid toward Principal, Interest, Property Taxes, and Insurance (PITI). Therefore, WH-SF homebuyer assistance may be denied if the applying homebuyer's combined PITI is greater than 35% of their household combined income. Exceptions may be approved if the homebuyer has a good credit history, stable employment, minimal "other" debt, etc. and the homebuyer can achieve a maximum PITI of 35% with an additional amount of Assistance such that the total Assistance amount does not exceed the program limit of \$49,000. An exception request must be submitted directly to the WH Department at MichaelLe@IHFA.org or KimberlyD@IHFA.org.

2. Development Activity Information and Requirements

2.1 Estimated Fair Market Value

The Association requires constructed units to be sold at "Fair Market Value" (FMV; a negotiated sales price between a willing buyer and willing seller in the regular market).

When listing a unit constructed with WH-SF funds for sale for income-eligible Homebuyers, the estimated FMV may be determined by one of three acceptable methods:

(1) Fair Market Appraisal; OR

(2) Property Valuation; OR

(3) Broker's Price Opinion

2.2 Developer Fee Calculation

Developer fees shall be held to a maximum of 15% of total eligible project costs for all new units developed for sale to income-eligible Homebuyers.

2.3 WH-SF Funds and Construction Loan Funds Pay-In Timing and Distribution

All WH-SF funds shall be transferred to individual Escrows tied to each SF unit's parcel at the time of construction loan closing. Funds are to be held until sale to an income-eligible Homebuyer and released to the title company prior to mortgage closing.

2.4 Building Requirements

Each unit should include to the maximum extent feasible:

- (a) 32" clear opening to one main floor bathroom;
- (b) One exterior door with at least a 32" clear opening to allow entrance to the unit.

In addition, all applicable building codes and laws and all requirements for units mentioned in Section 4 of this Exhibit shall be upheld.

3. Application Submission Requirements

Applications for WH-SF must include the following:

3.1. Owner-Developer Narrative

Describe any current (2021 and earlier) awards or commitments for any activity(s) currently underway or approved but not yet underway. This includes all SF, MF, Tax Credit, or any project that is funded by the Association.

3.2. Proposed WH-SF Project Activities

- Number of units to be developed*
- Type of units (single-unit, duplex, triplex, four-plex)*
- Primary market area (census tracts, neighborhoods, city, etc.)*
- Contiguous or scattered sites*
- Preference populations (not required, but must be included in loan and regulatory agreement –)*
- If properties identified, currently under contract, currently owned*

3.3 Detailed Sales Plan

At a minimum, a sales plan must be included that contains the following:

- Development timeline (acquisition, construction, sale period, estimated sale from completion)*
- Method and types of advertising, marketing, and outreach to be used*
- Proximity to area schools, major employers, essential services, other standard amenities or services*

3.4 Market Analysis

See WHAP Exhibit H for market analysis requirements.

3.5 Estimated Budget & Sources and Uses

Estimated total budget of total project for all proposed units to be constructed under the award (with the total amount of funds requested). Per unit budgets will be required if an award is received for the project.

All sources of funding, (i.e. donations, reduced fees, other financing/funds [federal or private], etc.) need to be identified.

3.6 IRS Non-Profit Designation

3.7 Current IRS standing

3.8 State of Idaho Business Entity Registration and Current Standing

3.9 Resumes/Statement of Experience for All Staff Involved in the Project/Activities

3.10 Financial Statements

Most recent CPA audited/reviewed statements must be provided. If audit is over 6 months old, interim financials will be required. Interim financials may be company-prepared. Any organization receiving \$750,000 or more will be required to complete an audit of the organization.

3.11 Additional Submission Requirements

All proposals are required to be complete and formatted as requested in this document at the time of submission. Even if items have been sent in previous applications, all items on the checklist are required to be provided in this submission.

Any proposal received after 5:00 pm on Friday, June 2, 2023, will be automatically declined

IHFA will notify applicant one (1) time of missing items or additional information needed. The applicant then has five (5) business days to submit requested information. If not received within five business days, and no acceptable request for extension is received, the application for funding will be declined. If there are excessive deficiencies in the application upon submission, as determined by IHFA, the application may be declined without further notice.

4. General Activity Information

4.1 Materials and Workmanship

All units must enhance the quality of life (safe, decent, affordable) of the homebuyer.

At completion, the unit must meet the Idaho Residential Code in effect when the unit was constructed and local codes, standards, ordinances, and ARPA-SLFRF's housing quality standard (HQS).

4.2 New Construction Requirements

Applicable state and local laws, current Idaho Residential Code, local codes, zoning, and other requirements relating to construction, and housing safety, quality and habitability standards

5. Proposal Document Preparation

Electronic Procorem Work Center Submissions only – No email or hard copies will be accepted

Items must be added to the folder corresponding with the list of items in Section 3 of this Exhibit. Additional documents or items may be requested and/or required at the sole discretion of the Association.

Specific requirements must be clearly labeled if the requirement itself is not an entire document (i.e. this market demand is found on page 10, paragraphs 3 - 7 of the market study)

6. Financing Requirements

6.1 Loans

Funds awarded to Owner-developer shall be as a non workforce housing single-family construction loan per the Association's Short-Term Financing Lending Program. Construction loans may be provided by another financial institution.

Funds to Homebuyer shall be as 0% interest Due-On-Sale loans.

6.2 Developer Fees

Developer fees are limited to 15% of the total eligible construction cost. Construction fees (contractor, architect, etc.) shall be held to the limits listed in Exhibit F.

If other private or public funds are used, the distribution of proceeds or loss will be shared on a proportionate basis.

If land is partially or wholly donated, then the value must be established by appraisal or an independent third-party professional valuation prior to a commitment of funds.

Developer fees shall be held to the value as submitted in the application for WH-SF funds for projects that are awarded funds and experience cost increases after the award is made.

7. Recapture of Workforce Housing-Single Family Homebuyer Assistance

Whenever an assisted unit is sold or otherwise no longer occupied by the original assisted Homebuyer, the Association will recapture or preserve program funds:

7.1 Recapture

The assisted Homebuyer may sell their WH-SF unit at any time, to any willing buyer, for Fair Market Value, with no resale restrictions. When the title is transferred, the Association will attempt to recapture the full amount of the Homebuyer's WH-SF loan as available from the net proceeds of the sale.

Further, the Association will attempt to recapture the Homebuyer's WH-SF loan if the homebuyer fails to comply with the primary residency requirements, or otherwise defaults on requirements during the period of affordability, plus any applicable fees.

Forced recapture due to noncompliance may involve invoking a right to forced sale and may incur noncompliance fees not to exceed the costs of recovering the original WH-SF funds awarded to the unit.

IHFA's Note, Deed of Trust, and Memorandum of Restrictive Covenants with the homebuyer will require, during the period of affordability, all homebuyers (household income) must be $\leq 80\%$ AMI at the time the purchase contract is signed. The sales price

includes a price reduction equal to the WH-SF development subsidy and the estimated value of the land.

Land value may be determined by appraisal, BPO, CMA or property valuation from an independent third party licensed realtor. If nonprofit wants to use a value not determined using one of these methods, IHFA must be provided the valuation prior approval.

During the period of affordability, the home buyer is required to repay the WH-SF development subsidy:

-When the owner refuses to return to the unit to occupy as their primary residence and has not received an IHFA-approved Primary Residency Exemption, or when the unit is rented, leased, or otherwise vacated; OR

-The title to the unit is transferred to a homebuyer who is not defined as low-income ($\leq 80\%$ AMI); OR

-The unit is foreclosed, title transferred in lieu of foreclosure, or the FHA insured mortgage is assigned to HUD; OR

-IHFA determines, at its sole discretion, that the loan is due and payable

After the period of affordability has expired, the homebuyer will repay the WH-SF development subsidy only when the land on which the assisted unit is located is no longer owned by the homebuyer, title to the land is transferred without prior approval from IHFA, or any new homeowner is not defined as low-income (annual household income greater than 80% AMI).

Deed of Trust and Restrictive Covenants

During the period of affordability, IHFA will enforce the primary residency requirement through a restrictive covenant with the homebuyer.

A deed of trust will be used to secure IHFA's right to recover the WH-SF development subsidy from the homebuyer. The deed of trust will remain in place after the period of affordability until full repayment of the development subsidy is received.

The Association will allow the use of other loans and mortgages in addition to, but not in lieu of, the WH-SF covenants and deed restrictions.

Foreclosure, Transfer In Lieu Of Foreclosure, Or Assignment of an FHA Mortgage

The WH-SF restrictions may be extinguished by a senior lender in the event of foreclosure, transfer in lieu of foreclosure, or the assignment of an FHA mortgage in order to clear title.

Initial Investment

Earnest money and down-payment/closing costs paid directly by when they purchased the WH-SF-assisted unit.

Workforce Housing Income Limit

At the time an application is received, homebuyer household income must be at or below 80% AMI.

AMI as defined at 24 CFR 5.609. The Association annually publishes an asset limitation, maximum PITI and other requirements, which are reviewed along with the monthly budget prior to approval. Current limits and requirements are available on the Association's website found under Idaho Workforce Housing Program Page

Reasonable Range of Income-Eligible Homebuyers

An assisted unit is to remain affordable to a reasonable range of low-income homebuyers during the period of affordability, which is typically defined as 50-80% AMI. In some cases, IHFA may allow a lower AMI if additional subsidy is provided by another source and the homebuyer has good credit and a stable work history.

Maximum Housing Expense Ratio or PITI (Principal, Interest, Taxes, Insurance) Payment

During the period of affordability, the typical Housing Expense Ratio is up to 35% of household's gross monthly income. However, in certain circumstances, the Association may allow a higher ratio when the homebuyer has good credit, stable work history, minimal other debt, and 1st mortgage approval from an Association-approved lender, as well as the nonprofit.

Net Proceeds

The amount remaining after repayment of the senior lien(s) and the Seller's closing costs.

Primary Residency Requirement

During the period of affordability, the homeowner/household is required to reside in the assisted unit as a primary residence. The Association currently allows two temporary exemptions from the WH-SF primary residence requirement: (1) Active military deployment or transfer (homeowner and/or spouse), and (2) Full-time post-secondary education. The homeowner must submit a plan in writing that includes a date the homeowner intends to return and reside in the unit as a primary residence, and other supporting documentation such as class schedule, or proof of deployment. Extended/frequent absence(s) for work (i.e. seasonal work that requires the homeowner to be away from the unit or jobs that require frequent travel for employment purposes, in excess of 60 days within a 12 month period) may be permitted with documentation and approval from the Association. If a homeowner has vacated the unit without written approval from IHFA, the homeowner is out of compliance. Homeowner must return to and occupy the unit, must qualify and be approved for one of the above exemptions.

HOME BUYER PROPERTIES

MARKET ANALYSIS CHECKLIST

Is The Market Area Clearly Defined?	Does the proposal include market area maps, census data, local economy, growth rate, net in-migration, and net out- migration?	
Is There Market Demand?	Does the proposal include socioeconomic conditions, predictions, demographics, of potential buyers, # of income-eligible households in market area? Is there potential competition for the project, i.e. rental market, other affordable housing in the area?	
What Is The Condition Of The Current Housing Stock?	Does the proposal describe the physical condition and age of current housing stock in the proposed market area?	
Is There A Need For The Type And Number Of Housing Units Proposed?	Does the proposal include Sales activity information for the previous 6 months that clearly indicates the comparable housing market grown or contracted?	
What Is The Market Area Absorption Rate?	<p>Does the proposal include the following information?</p> <ul style="list-style-type: none"> ·What is the overall supply of comparable housing to overall housing in the market and how many months of supply? ·What is the average number of listing days of comparable housing? ·What is the percentage of low-income households compared to overall population? ·What are other homeownership options already available in the area (including your current projects in the pipeline)? ·What are the price, location, amenities, and financing of units in the area that is most directly comparable to the proposed housing (Project pricing needs to be competitive, but are there factors that could offset your program advantages)? 	

EXHIBIT K: Workforce Housing Terms and Definitions

(the) Act: The Act, per Section 1.1, refers to the combined Idaho legislature bills HB701, which created the IWHF, required the creation of this WHAP to govern the IWHF, and designated the Association to be the administrator of the IWHF, and SB1428, which appropriated \$50,000,000 of the State's allocation of ARPA funds under the SLFRF.

Affordable Housing: Affordable Housing is housing that is targeted to a specific household AMI that costs no more than thirty percent (30%) of the household income and less than market rate.

AMI: Area Median Income, or the median income, adjusted by household size and county location, refers to the household income, in 10% increments, that housing units must target and that eligible households must earn to qualify as Affordable Housing.

ARPA: The American Rescue Plan Act, as passed by the US Congress and mentioned in Section 1.3, created and allocated funds under the SLFRF to state and local governments.

(the) Association: The Association, as mentioned throughout this WHAP, refers to the Idaho Housing and Finance Association and its role as administrator of the IWHF, as required in the Act, under the Idaho ARPA-SLFRF funds allocation.

FPG: United States Federal Poverty Guidelines.

Gap Financing: Gap Financing, per the Act (Section 1.1.), refers to an amount of funding for a housing project or transaction that is required to exactly overcome the difference between the total development/transaction costs and all other insufficient funding/financing sources.

IWHF: The Idaho Workforce Housing Fund (Section 1.1), was created and funded via the Act to provide Gap Financing for eligible housing targeted toward WH in Idaho.

Local Government Match: As required by the Act (Section 1.1), a preference for WH funds allocations will be given to projects with Local Government Match (Sections 6.5.1 & 6.5.2), or a local match of money, fee waivers, in-kind-services, donation of assets, the provision of infrastructure, or a combination thereof in whole or in part to the allocated WH funds.

Low- or Moderation Income Eligible Populations: Per the ARPA-SLFRF Final Rule: Low-Income populations include those at or below 185% of the FPG or at or below 40% AMI; Moderate-Income populations include those at or below 300% of the FPG or at or below 65% AMI.

MF: Multifamily

Period of Affordability: The Period of Affordability refers to the length of time indicated in the application for WH funds in which an awarded project/transaction shall be bound to WH AMI targets. The minimum Period of Affordability for MF developments is 20 years, with additional selection preference points awarded for extending the Period of Affordability to 40 years, per Section 6.5.2. For SF, the Period of Affordability shall be determined per the options listed in Exhibit J.

Populations Presumed Eligible: Categories of populations included in the ARPA-SLFRF Final Rule that are presumed to be qualified for uses for ARPA-SLFRF funds. These populations include those who experienced unemployment, increased food or housing insecurity, or were *low- or moderate-income*

Rural: As required by the Act (Section 1.1), a set-aside of 20% of the IWHF is to be reserved for 'Rural' developments (Section 5.1), which is defined per the Act as those areas indicated in Idaho Code 67-9003.

SF: Single Family

SLFRF: State and Local Fiscal Recovery Funds, as created by ARPA, are funds awarded to state and local governments to specifically combat the economic effects of the COVID-19 pandemic.

SLFRF Recipient: Per the SLFRF final ruling, the recipient of the SLFRF funds appropriated under the Act to the IWHF, is the State of Idaho.

SLFRF Sub-recipient: Per the SLFRF final ruling, the sub-recipient of the SLFRF funds appropriated under the Act to the IWHF and awarded through the allocation process identified in the WHAP, is the final and/or controlling owner of the project awarded an allocation.

Total Development Cost: Combined total hard and soft costs of the project including any developer fee

WH: Workforce Housing, or housing that is targeted toward households with a total income below 80% of AMI of the county where the housing is located or is lower than the Low or Moderate Incomes defined in the ARPA-SLFRF Final Rule, whichever is lower.

WHAP: This entire document, the Workforce Housing Allocation Plan, as required under the Act, governs the allocation process and stipulates the programmatic rules for the IWHF.