

2018

**Delaware State Housing Authority
Low Income Housing Tax Credit
Guidelines**

Delaware State Housing Authority

"Delaware's key to housing since 1968."

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Delaware State Housing Authority Underwriting Guidelines

NOTE: All applicants must utilize DSHA's LIHTC Application Part II - Pro Forma. No addition of tabs, changes to formulas, or manipulations of any kind are allowed. Any deviations from DSHA's version (as posted on its website) will be deemed a violation and the complete application will be considered ineligible.

Waiver requests from DSHA underwriting guidelines will require a \$500 waiver fee for each underwriting item waiver request, which must be made prior to the application deadline. **No waiver requests will be entertained for any threshold requirements.** All waiver requests relating to point categories or Design and Construction Standards must be submitted no later than thirty (30) days prior to the application deadline, together with a payment of \$500 per waiver requested. For projects utilizing the 9% LIHTC, no more than three (3) waivers may be requested for the same development including through application and the entire compliance and extended use period. DSHA will respond with binding disposition to waiver requests within fifteen (15) business days of receipt of request. Unforeseeable and unavoidable circumstance waivers will be considered on a case-by-case basis. At DSHA's sole discretion, if deemed necessary by the applicable extenuating circumstances, unforeseeable and unavoidable circumstance waivers may be granted outside of the waiver limit.

Construction Guidelines

General Contractor's Overhead and Profit

1. A maximum 7% of construction costs including site work, buildings and general requirements.
2. There will be no increase to the Overhead and Profit other than what is approved by change orders during the course of the project. At project completion, the Overhead and Profit percentage may not exceed the percentage submitted at application or approved at construction closing (whichever is less), but may be less than the approved percentage. Please refer to the Cost Certification Guide for additional information.

General Requirements

1. Maximum 7% of construction hard costs for new construction and rehabilitation projects.
2. The General Requirements definition under DSHA's Mortgagor Requisition and Cost Certification Guide will still apply and will be verified by the auditor at cost certification.
3. All costs that are eligible under General Requirements cannot be charged against any other trade line items, unless specifically allowed under DSHA's Cost Certification Guide.
4. General Requirements will be drawn based on percentage of construction completion and will no longer require back-up documentation, but must be cost certified.

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5. There will be no increase to the General Requirements other than what is approved by change orders during the course of the project. At project completion, the General Requirements percentage may not exceed the percentage submitted at application or approved at construction closing (whichever is less), but may be less than the approved percentage. Please refer to the Cost Certification Guide for additional information.

At DSHA's sole discretion, additional general requirements may be allowed for contractors recycling building materials or projects under thirty-two (32) units.

Contingency

1. A percentage, maximum of 5% for new construction and 10% for rehabilitation based on the cost of buildings, site work, general requirements, and contractor's overhead and profit.

For the purposes of contingency only, rehabilitation will be defined as follows:

- a. 75% or more of the existing external walls of the building are retained in place as internal or external walls; and
- b. 75% or more of the existing internal structural framework of the building is retained in place.

All other projects will be defined as new construction.

2. The contingency will be bifurcated with 80% of the total contingency allocated for hard costs and 20% (up to \$200,000) of the total contingency allocated for soft costs. For example, a rehabilitation project has a 10% contingency totaling \$500,000 of which \$400,000 will be allocated for hard costs and \$100,000 will be allocated for soft costs. Funds may not be reallocated between the hard cost and soft cost contingencies until construction reaches 75% completion. All contingency reallocations require DSHA approval.
3. Contingency funds cannot be drawn or transferred without prior DSHA approval. If contingency funds are limited, it is at DSHA's discretion to release and approve requests.
4. Contingency funds must be fully exhausted prior to approval of funds to pay for construction interest or any other construction expenses from the development's operations account.

Payment and Performance Bond

1. Payment and performance bonds from an approved bonding company are required prior to beginning work on the development.
2. Letters of Credit are not acceptable to fulfill this requirement.

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Land and Acquisition Value

An Appraisal Report, from a qualified professional appraiser licensed in the State of Delaware, and conducted within six (6) months of the application deadline, of the unimproved land value is required for all Applicants at application. Appraisers must contact DSHA for a comparable land cost analysis. Assumed debt must be included in the acquisition cost and supported by the appraised value (by construction closing).

Appraisals for projects with DSHA financing may be ordered by DSHA when the preliminary rankings for projects are released for the top-ranked Applicants. (Please see DSHA Funding Supplement for more information.) DSHA reserves the right to order appraisals for non-DSHA-financed projects at DSHA's discretion.

For all projects, the acquisition price must meet the following standards:

- a. For an arm's length transaction, the maximum acquisition price must be the lesser of the contract price or the "as is" appraised value of the property;
- b. For a related party transaction where the property was acquired less than two (2) years before the application date, the maximum acquisition price may not exceed the lesser of the 'as is' appraised value of the property, or the original acquisition price plus carrying costs acceptable to DSHA; and
- c. For a related party transaction where the property was acquired two (2) or more years before the application date, the maximum acquisition price may not exceed the lesser of the contract price, or "as is" appraised value of the property. Prior to allocation, a property appraisal and, if applicable, a copy of the settlement sheet will be required.

Construction Interest

Interest is allowable in the amount paid on all construction mortgage loans, from the date of initial closing until permanent loan closing. Balance of line item must be exhausted prior to approval of funds to pay for construction interest or any other construction expense from the development's operations account.

Development Guidelines

A. Developer Fee

A developer fee is the amount of identified uses of Total Development Costs paid as compensation for developing the proposed housing. This fee covers the overhead and profit of the developer. Eligible tax credit basis for these purposes does not include 1) developer fees exceeding the Developer Fee limits listed below or 2) any Developer Fee paid on costs exceeding the Eligible Basis limits.

- For 9% competitive tax credit awards of up to eighty (80) units, the developer fee is limited to the lesser of \$1,000,000 or 15% of the Total Development Costs, excluding the developer fee, transferred reserves, relocation and/or operating deficit reserves, site environmental remediation costs, DSHA assumed debt and land costs.

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- Where there is an identity of interest acquisition of either land or existing rental properties, the fee for competitive 9% developments is limited to the lesser of \$1,000,000 or 12% of the Total Development Cost excluding developer fee, transferred reserves, bond prepayment penalty, relocation operations deficit reserve, site environmental remediation costs, assumed DSHA debt, and all land and acquisition costs. To the extent that the Developer Fee calculated in this manner does not exceed \$1,000,000, then an additional Developer Fee calculated at 5% of the land and acquisition cost will be added. In no case, except as defined below, may the Developer Fee exceed \$1,000,000. Deferred Developer Fee, if any, may not exceed \$500,000.
 - For developments between 81-100 units the developer fee limit will be raised to \$1.1 million, for developments of 101 or more units the developer fee limit will be raised to \$1.2 million. The change in the limit does not impact the method for calculation of developer fee.
 - For tax-exempt bond projects (4%) of up to 80 units, the fee is limited to the lesser of \$1,500,000 or 15% of the Total Development Costs, excluding the developer fee, transferred reserves, relocation and/or operating deficit reserves, site environmental remediation costs, DSHA assumed debt. Where there is an identity of interest acquisition of either land or existing rental properties the Developer Fee is limited to the lesser of \$1,500,000 or 12% of the Total Development Cost excluding developer fee, transferred reserves, bond prepayment penalty, relocation operations deficit reserve, site environmental remediation costs, assumed DSHA debt, and all acquisition costs and land costs. To the extent that the Developer Fee calculated in this manner does not exceed \$1.5 million, then an additional Developer Fee calculated at 5% of the land and acquisition cost will be added. In no case, except as defined below, may the Developer Fee exceed \$1.5 million. Any amount in excess of \$1,000,000 must be deferred and paid only from cash flow as defined by DSHA. Of the \$1,000,000 not paid from cash flow, the deferred developer fee cannot exceed \$500,000. For developments between 81-100 units the developer fee limit will be raised to \$1.1 million in addition to the \$500,000 paid from cash flow, developments for 101 or more units the developer fee limit will be raised to 1.2 million, in addition to the \$500,000 paid from cash flow. The change in the limit does not impact the method for calculation of developer fee.
 - Only for the purposes of calculating developer fee, identity of interest limitations will not apply when the acquisition of either land or existing rental properties occurred in a bona fide arms-length transaction within three (3) years of the date of application. This three-year look back does not apply to other areas impacted by identity of interest status, including but not limited to calculation of applicable acquisition credit.
 - Applications from contiguous properties in the same LIHTC funding round using a combination of 9% and 4% credits will be subject to a reduction in the developer fee, unless each application is for a development of 80 units or more, reduction pro rata up to 80 units per application.
1. The developer's fee shall be payable as follows:
 - a. Fifty percent (50%) of the non-deferred developer's fee shall be paid from the construction loan proceeds funded by DSHA and any other lenders and shall be disbursed twenty-five percent (25%) at fifty percent (50%) completion of the construction of the Development and twenty-five percent (25%) at permanent closing.

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- b. The remaining fifty percent (50%) of the total non-deferred fee shall be paid from the total equity contribution as provided in the Partnership/Operating Agreement.
- c. Regardless of the sources, in no case shall the developer be allowed to receive greater than fifty percent (50%) of the non-deferred developer's fee prior to the conversion date. DSHA reserves the right to hold back any portion of the developer's fee funded from its construction loan(s) in the event funds are needed, which are not otherwise available to complete the development, or to complete the closing on the conversion date.
- d. Where there are any environmental remediation costs identified in the Environmental Site Assessment, Environmental Audit, CNA, or other application document and such costs were not included in the projected environmental cost line items, any additional costs to remediate the environmental items shall be paid from the Developer Fee and will not be allowed from contingency.

NOTE: If applying for other DSHA funding, please review the DSHA Funding Supplement for further definition.

B. Working Capital Escrow

1. 2.5% of the combined construction mortgages (excluding assumed debt). Amount will be released at permanent closing assuming there are no outstanding financial or construction issues.
2. The cash or Letter of Credit (LOC) is to be provided by the developer, sponsor, Applicant, general partner and/or other entity approved by DSHA. This amount cannot be financed by any lending, equity, or grant sources involved in the Development nor may any portion of the Development be used as security for the working capital LOC or any other LOC issued in connection with the Development. LOC fees may be paid from construction financing sources, but not from Development operational funds.

C. Reserves

All reserves must be funded by permanent closing.

1. Operating Reserve Escrow

- a. Federally-Subsidized Projects: Four (4) months of operating expenses, including debt service and replacement reserves. Must be funded at construction closing for acquisition/rehabilitation developments and by permanent closing for new construction developments.
- b. Non-subsidized Projects: Six (6) months of operating expenses, including debt service and replacement reserves. Must be funded at construction closing for acquisition/rehabilitation developments and by permanent closing for new construction developments.
- c. The operating reserve, other reserves or operating income cannot be used to guarantee any obligations of other lenders or syndicators.

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2. Transition/Subsidy Reserves

1. A reserve that is usually required by the syndicator for anticipated non-renewal of the subsidy contract. This reserve is not an eligible basis cost and cannot be paid from DSHA funds. Typically it is funded from equity. The term of the reserve is in accordance with the investor's partnership or lender requirements. At the end of the transition term, funds are returned to the development.
2. If an agreement combines transitional and operating reserves, the escrow accounts must still be separated.

3. Replacement Reserves

- a. Existing federally-financed or subsidized properties that have replacement reserve funds currently in escrow must use these funds for capital improvements (rehabilitation expenses). Reserve funds cannot be counted toward eligible basis.
- b. All projects must establish an initial replacement reserve by permanent closing of \$1,500 per unit; however, if carpets are installed in the units the replacement reserve will be increased to \$1,650 per unit. The reserve will be established from equity per the net equity calculation. When the initial per unit balance has been met (must be by permanent closing), the annual replacement reserve per unit cost will reduce to \$500 per unit. If carpet is utilized the annual replacement reserve will be \$550 per unit (see Annual Replacement Reserve).

D. Equity Factor and Equity Raised

1. Prior to each competitive funding round for 9% credits, DSHA shall determine and publicize the equity factor to be used in underwriting application during that funding round. However, DSHA reserves the right to amend this amount due to changing market conditions. The net equity is defined as all equity raised for the development less syndication fees (i.e. syndicator legal and accounting costs), DSHA fees (i.e., 1.5% allocation/carryover fees and monitoring fee amounts), and DSHA Reserve Requirements (i.e. Operating Reserve, Replacement Reserve, and Carpeting Replacement Reserve). Additionally, if required by the investor, transitional subsidy reserve may be included as part of the net equity calculation upon consent of DSHA. DSHA will underwrite and allocate all acquisition credits or tax-exempt bond projects based on the applicable rate issued by the Treasury Department one (1) month prior to application submission. For identity of interest syndicators, DSHA reserves the right to request additional letters of interest from other syndicators when market conditions warrant competitive equity pricing.
2. Fifteen percent (15%) minimum of the net equity raised must be brought in as a source at construction closing exclusive of equity used to pay the developer's fee or other fees. If more than 15% of net equity is being shown as a source during construction, documentation from the syndicator/investor with the additional amount of equity and proposed pay-ins must be included in the appropriate LIHTC application exhibit. Equity Letters of Interest must be fully executed and clearly demonstrate that equity construction funds are available and the balance of required

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equity will come in at permanent loan closing (except for any portion of the developer's fee withheld by the investor).

3. For tax-exempt and/or other 4% applications, DSHA will underwrite using the applicable rate issued by the Treasury Department one month prior to the application's submission. The applicable 4% credit rate may be locked in to the current monthly applicable rate at the time of carryover allocation/reservation by election under Code Section 42(b)(2)(A)(ii).
4. Historic Equity/Credits
 - a. Letters need to be detailed with commitments of funding within four (4) months of a carryover allocation award and have a clear timetable of how the equity funding will flow.
 - b. Must demonstrate all fees can be paid in accordance with DSHA and IRS guidance. The Developer fee for properties receiving historic credits is maxed at \$1,500,000 and amounts exceeding the normal DSHA limit can only be paid from cash flow. The pro forma must demonstrate that the additional fee can be paid in accordance with IRS regulations.
 - c. Historic Consultant: For developments utilizing historic rehabilitation tax credits, DSHA will allow a reasonable historic consultant fee (also must meet consultant definition) in both Total Development Cost and eligible basis. The historic consultant fee may not exceed \$30,000. A contract to provide historic consultant services must be submitted with the Application and the historic consultant must be a certified expert.

E. Relocation

1. All state- and federally-financed, federally- and state-subsidized, or conversion properties must follow all Federal Uniform Relocation Act regulations as applicable and DSHA's Relocation Policy. Relocation assistance must be included as part of construction costs. DSHA must approve all relocation plans and correspondence to residents.
2. At the time of application, the applicant may assume the risk for over-income residents and apply for the full amount of credits needed. However, at the carry-over allocation, verifications/certifications of current residents' income must be analyzed for eligibility. If the applicable fraction from application to construction closing/carryover allocation changes due to over-income residents that result in a loss of credits, the difference in any equity reduction will be the responsibility of the owner, not DSHA.
3. Relocation expenses include resident moving expenses, utility deposits, off-site rents, on-site management administration beyond normal management duties (as documented by detailed timesheets and invoices), unaffiliated outside personnel hired specifically to perform relocation work only and other relocation expenses allowed under the URA.
4. DSHA will allow up to \$3,000 per unit.
5. Relocation costs cannot be included in eligible basis.
6. Relocation Operating Deficit Reserve

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1. DSHA allows up to \$1,500 per unit for a relocation operating deficit reserve for operating deficits caused by off-site relocation. This line item cannot be included in eligible basis.
2. Any funds remaining will be applied to reduce DSHA's loans (if applicable) and cannot be applied to other line items. Funding of an approved reserve from interim income will not be considered to have caused a deficit in operations due to off-site relocation. Additionally, interim income may not be used as collateral for any loan (other than a standard assignment of rents and leases), operating deficit guarantee, or letter of credit.

F. Legal Fees

1. The total amount of legal fees for any single Development shall not exceed \$150,000 for all developments. This limit excludes any legal costs incurred by DSHA. This limit is the maximum allowable and includes all fees, travel, expenses, incidentals and other costs (i.e. searches, courier, binder preparation, copy costs, etc.) incurred by the firm or the counsel in connection with the Development work. Charges for travel, expenses, incidentals, and other costs must be appropriately itemized and/or documented. This limit includes both construction and permanent closing.
2. The fee cap includes all lenders' counsel and the Applicant/Developer and/or related entities counsel, and does not include DSHA's legal costs.
3. Any overages must be paid from the developer's fee or from non-project sources.
4. All requests for payment of fees to developer's counsel shall be for work completed by counsel and accompanied by an invoice on the letterhead of the firm.
5. Syndication legal expenses, bond issuance fees, bond legal fees charged by the financial institutions providing equity and/or bond financing to the development, and title and recording fees are not included in this limit. Syndication fees are not generally included in DSHA financing and must be paid from the developer fee or equity.

No legal fees and costs incurred in preparation and review of the tax credit application will be paid or reimbursed for prior applications.

G. Cost Certification/Accounting

1. Accounting costs for completing audits or cost certifications required by DSHA or other entities providing funds to the development are permitted charges.
2. Cost certification/accounting fees cannot exceed \$30,000.
3. Cost certification costs cannot be included in eligible basis.
4. All cost certification and accounting firms must be licensed in the State of Delaware.
5. Audited financial statements shall be submitted for all projects receiving competitive 9% or 4% allocations. Statements may be submitted to DSHA via PDF ninety (90) days after the close of the project's first fiscal year after the year of placed in service, unless otherwise required by syndicator, or other lenders, HUD or USDA prior to placed in service.

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H. Furniture, Fixtures, and Equipment (FFE)

1. Furnishings for management office, and/or community room, office equipment and computer software/hardware. DSHA requires a minimum FFE of \$800 per unit for new construction and new creation projects and a maximum of \$800 per unit for preservation projects.

I. Marketing and Rent-Up Fees

1. Marketing costs include advertising, temporary office rental expenses, office supplies and other marketing costs, such as brochures, business cards, temporary signs, and flyers. No salaries may be included in the marketing costs.
2. Rent-Up Fees:
 - a. Management companies can charge a rent-up fee of up to \$500 per unit for new construction or unoccupied rehabilitation developments.
 - b. Management companies can charge a rent-up fee of up to \$250 per unit for occupied rehabilitation developments
 - c. This fee is only allowed if it is included in the budget at construction closing. This line item cannot be increased after construction closing. No other management costs related to rent-up (office supplies, salaries, travel expenses, etc.) are allowed. Note: rent-up fees cannot be included in eligible basis.

J. Bond Prepayment, Broker Fees and Tax Credit Fees

1. Bond prepayment and broker fees shall be included as part of the seller's costs and included in the acquisition price provided such payment is supported by an appraisal.
2. Tax credit and HDF application fees are eligible expenses if a successful award is made by DSHA. HOME, NHTF, and 4% Bond application fees are not eligible for reimbursement and should not be counted in basis.

Operating Pro Forma Underwriting Guidelines

A. Operating Income

1. Must include rents, laundry income, and income from solar energy, as long as it benefits the property and/or residents. Other income must be supported with written documentation.
2. Rents should be affordable for the market area. Please contact DSHA for comparable tax credit rents in the area of the proposed development.
3. For federally-financed or subsidized properties, the contract rents approved by HUD/USDA Contract Administrator(s) must be used for the contract period. Tax credit rents must be used after any subsidy period expires.
4. Interim income can only be used for HUD/USDA/DSHA-approved operating expenses of the property and not for construction expenses except by written consent by HUD and/or

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DSHA. For subsidized developments, existing escrows and interim income may be used to fund required reserves (contact DSHA for additional guidance). Funding of an approved reserve from interim income will not be considered to have caused a deficit in operations due to off-site relocation. Additionally, interim income may not be used as collateral for any loan (other than a standard assignment of rents and leases), operating deficit guarantee, or letter of credit.

B. Operating Expenses

1. Range must be between \$5,000 and \$5,800 per unit (for non-subsidized properties).
2. Range must be between \$5,900 and \$6,900 per unit (for federally-subsidized properties).

C. Debt Coverage Ratio

NOTE: Value = Rent Restricted Value

1. 1.15:1 Loan to Value ratio of 50% or less.
2. 1.20:1 Loan to Value ratio of 51%-80%.
3. For projects with fully amortizing DSHA permanent debt, the Loan to Value ratio must cover all amortizing debt (with exception to USDA projects).
4. For projects financed under the FHA Risk Sharing Insurance program, DSHA will follow the risk sharing regulation of 1.176:1.
5. 1.15 Loan to Value ratio will be used for projects financed with FHA 221 (d)(4) loans.
6. For projects with USDA debt, where 90-100% of the units are subsidized with rental assistance, DSHA will allow 1.15:1 Loan to Value ratio of 51%-80%.
7. No negative cash flow within first 20 years of loan will be accepted. All first mortgages must have a term of 20 years or more amortized over 30 or 35 years unless otherwise approved by DSHA.

D. Annual Replacement Reserves

1. New Construction and Rehabilitation: \$500 per unit; however, if carpet is installed in the units, the annual replacement reserve will be increased to \$550 per unit.

E. Trending (20-year Cash Flow Pro Forma)

1. Income escalation is 2%
2. Expenses escalation is 3%

NOTE: For Section 8 properties, trending must be approved by the Contract Administrator(s) prior to application submission.

F. Vacancy Rate

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1. 5% or the more restrictive of any additional funding sources. Contact DSHA for guidance.
2. Loans financed using the FHA Risk Sharing Program will generally be underwritten using a 7% vacancy rate.

G. Management Fee

1. Maximum of 8% of gross income (exceptions made for subsidized developments).

H. Operating Pro Forma

1. Must be approved by the development's management entity. For federally-subsidized properties, the Contract Administrator must also approve the pro forma.
2. If photovoltaic system (solar) is being utilized at the development, any costs associated with the third party aggregator (typically 8-10% of the fees generated) should be added as an expense to the budget. In addition, sources derived from the photovoltaic system should be noted as a source.
3. For subsidy layering and pro forma purposes, the amount of annual equity distribution should be calculated at 1.5% of initial investment. However, if DSHA does not provide financing to the development, the 1.5% will not apply during the term of the credit or extended use period and standard partnership waterfall distribution of income will apply. Maximum accumulated distributions cannot exceed five (5) years. DSHA may reduce the amount of annual credit to a development where the annual equity distribution appears excessive. Please see DSHA Funding Supplement for additional requirements.
4. For projects with approved debt service coverage ratios of lower than 1.20:1, or longer amortization periods (greater than thirty (30) years), the annual equity distribution will be calculated at 1% of initial investment; this will also include all tax-exempt/HDF projects.

I. Utility Allowance

1. Allowable Methods

The IRS and HUD have published final regulations regarding utility allowances for LIHTC properties and projects that receive federal funds. Utility allowance methods include the following:

- a. **Public Housing Authority (PHA) Utility Allowance Schedule:** the utility allowance method is established by the applicable PHA. If the applicable PHA allowance lists flat fees for any utility, those flat fees must be included in the calculation of the utility allowance if the resident is responsible for that utility. The most recent PHA allowance must be used.
- b. **HUD Actual Consumption Method:** this method is required by all LIHTC projects that receive HUD funding (see chart below). The HUD Actual Consumption

Method is based on actual consumption of the residents in existing projects. The calculations and submittal for DSHA approval must be completed in accordance with HUD Notice H-2015-04, Methodology for Completing a Multifamily Housing Utility Analysis, effective June 22, 2015. This utility calculation is the only method that is updated every three (3) years.

- c. ***Energy Consumption Model (Estimates from engineering firms)***: this method uses engineering calculations and technical data to estimate a utility allowance.

This method calculates utility estimates using an energy, water, and sewage consumption and analysis model. The energy consumption model must, at a minimum, take into account specific factors including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, characteristics of the building location, and available historical data.

The utility consumption estimates must be calculated by a properly licensed engineer or other qualified professional. The qualified professional and the building owner must not be related within the meaning of the applicable IRS regulation, Section 1.42-10. If a qualified professional is not a properly licensed engineer and if the building owner wants to utilize that qualified professional to calculate utility consumption estimates, then the owner must obtain approval from DSHA. When requesting such approval, DSHA requires a written request from the owner and submission of a statement of qualifications describing the qualified professional's relevant experience. Further, regardless of the type of qualified professional, DSHA may approve or disapprove of the energy consumption model or require information before permitting its use.

Utility rates used for the energy consumption model must be no older than the rates in place 60 days prior to the beginning of the 90-day notification period as described in the applicable IRS regulation, Section 1.42-10.

To generate an energy consumption model, the qualified professional shall estimate the utility consumption and cost for each tenant-paid utility for every apartment configuration within each unit-type, such as two-bedroom units. For example, the qualified professional will model a two-bedroom end unit and a two-bedroom interior unit as each is a different configuration of a single unit type. The qualified professional shall then determine the appropriate utility allowance for each unit-type by performing a weighted average of the modeled values for each distinct apartment configuration within that unit-type.

The following information should be clearly defined or described in the engineering firm's analysis and report:

1. The name and version of the modeling software used;

2. The name of the applicable utility company or companies serving the property;
3. The utility rate and costs, including any taxes or other charges that would be included in a tenant’s utility bill;
4. A list of all design elements and modeling inputs used and a brief description of each and the source of that information;
5. Available historical consumption data for the subject building or a similar building. If such historical data is not available, the analysis should justify that the modeled consumption values are reasonable;
6. Summary table(s) of the consumption and cost by utility for each apartment configuration modeled;
7. Summary table(s) of the consumption and cost by utility for each unit-type after performing a weighted average of the apartment configurations; and
8. Narrative explaining how the analysis satisfies each requirement of the applicable IRS regulation, Section 1.42-10.

This method may be used for new construction developments for projections in the pro forma submitted at application. However, at conversion both new creation projects and those receiving any type of HUD funding will switch to the HUD Actual Consumption Method after consumption records are available.

2. ***Estimate from Utility Provider:*** a written estimate from a local utility provider is an acceptable method. The utility provider’s estimate must be in writing and any costs incurred to receive this estimate are borne by the owner/applicant. The building owner/applicant must retain the original utility provider estimate and must furnish a copy to DSHA and must make copies available to all tenants. This utility analysis or survey must also be pre-approved by DSHA.
3. ***HUD Utility Schedule Model:*** building owners/applicants may use the HUD Utility Schedule Model that can be found on the HUD data set page at <http://www.huduser.gov/portal/resources/utilallowance.html>. The HUD Utility Schedule Model is based on data from the Residential Energy Consumption Surveys (RECS) conducted by the Department of Energy. This data provides energy consumption by structure for heating, air conditioning, cooking, water heating, and other electric (lighting and refrigeration). The Model incorporates building location and climate.

The utility allowance methods listed below should be used in LIHTC projects, respective to the type of program included in the LIHTC project.

LIHTC Unit Type – Program Type	Applicable Utility Allowance Method	Review Requirement
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Rural Development (RD) Section 515/RA	RD Utility Method/Schedule	As required by RD
RD Section 515/with Section 8	HUD Actual Consumption Method	Every 3 years
Section 8, project-based projects/units	HUD Actual Consumption Method	Every 3 years
Section 202 projects – PRAC or SPRAC	HUD Actual Consumption Method	Every 3 years
HOME projects or units	HUD Actual Consumption Method	Every 3 years
Section 811	HUD Actual Consumption Method	Every 3 years
Section 8, Housing Choice Voucher units, or HOPWA vouchers	PHA Utility Allowance Schedule	Annually
State Rental Assistance Vouchers (SRAP)	PHA Utility Allowance Schedule	Annually
LIHTC Only (no subsidies)	Choice of Any Utility Allowance Method	Annually, with exception to the HUD Actual Consumption Method

2. **Notice**

A building owner/applicant using a Utility Company Estimate, the HUD Utility Schedule Model, or an Energy Consumption Model must submit copies of the utility estimates to DSHA and make the estimates available to all tenants in the building at the beginning of the ninety (90)-day period before the utility allowances can be used in determining the gross rent of rent-restricted units.

If using the HUD Actual Consumption Utility Method, notice requirements are in accordance with HUD Notice H-2015-04, Methodology for Completing a Multifamily Housing Utility Analysis.

3. **Utility Rates**

For the Energy Consumption Model, rates must be no older than the rates in place sixty (60) days prior to the beginning of the ninety (90)-day notice period.

4. **Utility Allowance Estimate Costs**

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The building owner/applicant must pay for all costs incurred in obtaining the estimates and providing the estimates to DSHA and the residents. The Energy Consumption Method is an eligible project cost.

5. Record Retention

The building owner/applicant must retain any utility consumption estimates and supporting data as part of the taxpayer's records for the compliance period.

6. Changes in Utility Allowances

An owner/applicant may choose to change the utility allowance calculation after the credits have been placed in service. If, at any time during the building's compliance and extended use period, the applicable utility allowance for units changes, the new utility allowance must be used to compute gross rents of the units due ninety (90) days after the change (the ninety (90)-day period).

J. DSHA Funds

1. Please see the DSHA Funding Supplement for additional underwriting criteria if utilizing the HDF, ARHP, NHTF, or state HOME funds.

Delaware State Housing Authority Funding Supplement

Introduction and Purpose

This funding supplement describes additional funding sources that are available from DSHA when used in conjunction with Low Income Housing Tax Credits. Because DSHA funding programs have limited funds, the developer must demonstrate that other potential sources of funding have been explored to ensure that the DSHA funding sources are used only to the extent necessary for the development's financial feasibility and long term economic viability. Where there are differences between the requirements of the Low Income Housing Tax Credit program and any of the programs described below, the most restrictive rule, regulation, and/or requirement will apply.

The purpose of DSHA's funding programs is to efficiently provide, and assist others to provide, quality affordable housing opportunities and appropriate supportive services to low- and moderate-income households.

Uses of Funding

Funding may be utilized for construction and/or permanent financing. Types of multifamily developments that will be considered include, but are not limited to:

1. New construction;
2. Acquisition and rehabilitation, including conversion of market rate to affordable housing and preservation of existing affordable housing;
3. Adaptive re-use of non-residential buildings; and/or
4. Historic.

Funding Submission Requests

1. All applicants seeking DSHA funding for LIHTC developments must request a **Letter of Interest (LOI)** to include as part of the complete LIHTC application. All LOI requests for DSHA funding must be **submitted no later than two (2) weeks** prior to the LIHTC application due date. The LOI request must be a written request submitted via e-mail to the Director of Housing Development. The request may be on letterhead of the applicant or contained within the e-mail and must include the following information:
 - a. Construction funding amount;
 - b. Interest Rate;
 - c. Construction Loan Term;
 - d. Permanent funding amount (please note amortizing, interest only, or deferred);
 - e. Permanent Interest Rate;
 - f. Permanent Loan Term;
 - g. Other lender(s) contact information (name, address, phone number, and e-mail address); and
 - h. Equity provider contact information (name, address, phone number, e-mail address).
2. DSHA Funding and LIHTC requests are both considered in the same application. The application is comprised of a fillable-PDF application (Part I) and a Cash Flow Pro Forma (Part II), LIHTC Score Sheet (Part III) and required additional documented exhibits. Applicants must consult the LIHTC QAP for complete information on application requirements.

Technical Assistance Meetings Available to all LIHTC Applicants

As outlined in the LIHTC QAP, Technical Assistance meetings are available, and encouraged, for all LIHTC applicants, and particularly encouraged for applicants seeking additional DSHA funding as described by this Funding Supplement.

Types of Funding Available for LIHTC Credit Developments

DSHA administers a variety of state and federal affordable housing financial resources in addition to the LIHTC, including state Housing Development Funds (HDF) and Affordable Rental Housing Program (ARHP) funds, as well as federal HOME and National Housing Trust Fund (NHTF) monies. Because there are different requirements for each funding source, DSHA will determine which funding source best meets the needs and conditions of the applicant.

1. Housing Development Fund (HDF)

Established by Delaware's Housing Trust Fund Statute in 1986, HDF provides loans to 9% and 4% tax credit developments to assist them in achieving economic feasibility in serving families and individuals with incomes of up to 80% of area median income. In 2018, there is approximately \$8,250,000 available for 9% LIHTC developments, and an additional \$6,000,000 will be set aside for tax exempt bond 4% tax credit developments.

2. Affordable Rental Housing Program (ARHP)

The ARHP fund was established in 2009 and has certain deadlines by which funds must be committed. These funds, when derived from bond issues, are not includable in basis for tax credit purposes. For 2018, approximately \$4.6 million will be available for funding loans.

3. HOME Investment Partnerships (HOME)

The HOME program is funded by the federal government and enables Delaware to assist in a variety of affordable housing programs in all areas of the state. DSHA expects to receive approximately \$3 million in 2018, of which approximately \$2MM will be available to be utilized for affordable rental developments. Financing from HOME funds introduces complicated program rules in addition to LIHTC rules, so in any event of conflict the most restrictive rules will apply. The use of HOME monies may impose Davis-Bacon and related acts, Section 3 and a variety of other federal HOME requirements.

Note: DSHA may provide financing for up to eleven (11) units of HOME funds (amounts will depend on HUD's per unit limits at the time of application). HOME financing for more than eleven (11) units may be offered to a development at DSHA's sole discretion, but may trigger additional federal requirements, including Davis-Bacon prevailing wage requirements.

4. National Housing Trust Fund (NHTF)

This new federal source of funds comes from the profits of the Government-Sponsored Enterprises (Fannie Mae, Freddie Mac) making the annual allocation somewhat unpredictable; in 2017, Delaware received \$3 million. Funds are awarded and administered according to Delaware's 2017 NHTF Allocation Plan. Subject to NHTF funds availability, up to \$2.1 million may be available for new creation developments that target extremely low-income households and require supplemental funds to cover a substantial financing gap that cannot be met by deferring 25% of the developer fee. If no 9% housing tax credit applications can utilize NHTF financing, DSHA may make this funding source available to 4% tax-exempt bond applications under the same terms and conditions. Only new creation developments (new construction or conversion) will be considered for use of these funds. All developments receiving NHTF funds must comply with all federal requirements for use of these monies and with DSHA's NHTF Allocation Plan requirements, but payment of Davis-Bacon wages is not required under this program, except as may be required by combination with other sources of federal funding.

5. Tax-Exempt Bond Financing

DSHA can issue tax-exempt private activity bonds for 4% LIHTC developments. Applications for 4% tax credits seeking additional DSHA funding must submit applications by the LIHTC deadline as set in the QAP and compete in the annual allocation process.

In the event that the DSHA funding set aside for 4% tax credits is not oversubscribed after the competitive allocation awards are announced, the remaining funds will be available for applications submitted on a rolling basis until next year's QAP is adopted. Through the rolling application process, 4% tax credits and DSHA funding may be awarded without participating in the annual competitive allocation process, but applicants must meet the minimum threshold requirements.

Tax-exempt bond-financed properties must make an application for tax credits prior to construction or rehabilitation of the property. In the event that a tax-exempt bond property is proposed in the same area as competing tax credit properties, the market study must provide an acceptable demand analysis. An application must score a minimum of seventy (70) points.

Subject to HOME funds availability, up to \$2 million of DSHA HOME funds may be available for 4% developments with a substantial financing gap that cannot be met by a deferral of 25% of the non-cash flow developer's fee. In such instances, DSHA may determine that the development is eligible for DSHA supplemental financing in the form of HOME funds of up to \$1 million for each development. This supplemental financing is in addition to the total deferred DSHA financing limit of \$50,000 per unit. In addition:

- Only the highest ranked 4% tax-exempt bond applicants may be eligible for the additional HOME funding;
- Applicants must first show the deferred fee as a source before requesting supplemental funding and will need to demonstrate all other funding sources have been exhausted; and
- DSHA will be the bond issuer.

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Funding Availability - DSHA Limits, Fees, Rates, and Term Schedule

Loan Limits

Type of Funding	Limit
Construction	Dependent on request and other funding sources
Permanent	Lesser of \$50,000 per unit up to \$3 million, irrespective of funding source (except for tax-exempt projects that receive supplemental HOME funds)
	Preservation developments with existing DSHA debt: the lesser of \$50,000 per unit or \$3 million <u>per property</u> (old and new debt combined)
	USDA developments- Permanent loan must be Interest Only or Amortizing. Deferred debt request must be approved by USDA.

Fees, Rates, and Terms

The fees outlined herein are applicable to all applicants seeking DSHA resources and should be included in the development budget of the application. Interest rates and annual expenses are determined during underwriting based upon market conditions. All fees are non-refundable, non-transferable, and due as designated in the schedule below.

2018 DSHA FEE SCHEDULE		
Application Fees		
<i>9% and 4% Tax Credit Multifamily Application Fee</i>	\$1,250	Due with submission
<i>Additional DSHA Financing Application Fee</i>	\$1,850	Due with submission
Tax Credit Program Fees		
<i>9% and 4% Tax Credit LIHTC Allocation Fee</i>	1.50% of carryover or allocation x 10 years	Due at carryover or construction closing
Monitoring, Compliance, and Asset Management Fees		
<i>Compliance Monitoring Fee (one-time, per unit)</i>	\$600	Due prior to allocation, issuance of 8609, or carryover, whichever is first
<i>Asset Management Fee (one-time, per unit)</i>	\$250	Due prior to construction closing; any HOME and NHTF units will be excluded from this fee
Construction Financing*		
Terms: 12-24 months		
<i>ARHP/HDF Construction Loan Commitment Fee</i>	1.25% of approved loan amount	Due at construction closing
<i>ARHP/HDF Construction Loan Interest Rate</i>	3.00%	Due at monthly installments
<i>HOME/NHTF Construction Loan Commitment Fee</i>	0.00%	

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<i>HOME/NHTF Construction Loan Interest Rate</i>	3.00%	Due at monthly installments
<i>Loan Extension Fee</i>	0.25% per extension waived for first 3-month extension	Due prior to permanent closing and may not be paid from Loan Proceeds, Equity, or operating funds
Permanent Financing*		
Term: 30 Years		
<i>ARHP/HDF Permanent Loan Commitment Fee (applied to fully amortizing or interest-only permanent loans)</i>	1.25% of amortizing or interest-only loan amount	Due 50% at construction closing and 50% at permanent closing
<i>ARHP/HDF Permanent Fully Amortizing or Interest-only Permanent Loan Interest Rate</i>	5.00%	Due at monthly installments
<i>ARHP/HDF Deferred Permanent Loan Interest Rate</i>	1.00%	Deferred; accrued interest due from cash flow
<i>HOME/NHTF Permanent Loan Commitment Fee</i>	\$0.00	
<i>HOME/NHTF Deferred Permanent Loan Interest Rate</i>	0%-1%	USDA loans-Principal due in full at the end of maturity date; Non-USDA loans-Deferred accrued interest due from cash flow
<i>Loan Extension Fee</i>	\$250 per day	Due prior at permanent closing and may not be paid from Loan Proceeds, Equity, or operating funds
Administration Fees		
<i>Waiver Request Fee (per each item from DSHA's Design and Construction Standards or Underwriting Guidelines) Limit 3 waivers requests.</i>	\$500	Due upon request
<i>Re-design Review Fee (per each re-review of plans and specifications)</i>	\$500	Due at submission of revised plans
<i>Incomplete Draws and Change Orders (re-processing fee)</i>	\$250	Due prior to approval of draw or change order
<i>Re-inspection Fee (after the first two inspections)</i>	\$500	Due prior to re-inspection or issuance of approval to occupy
<i>Cost Certification Penalty Fee</i>	\$2,500 \$2,500	Due each from mortgagor and contractor if cost certification is not submitted within time frame required by the Cost Certification Guide
<i>Cost Certification Penalty Fee</i>	\$500	Due for each additional week cost certification remains outstanding and as required by the Cost Certification Guide
<i>Cost Certification Re-Review Fee</i>	\$500	Each additional review, as required
<i>Forward Reservation Fee</i>	1.25% of carryover amount	Due at submission of request, fee amount not to exceed \$15,000
*Interest rates are subject to change and repayment schedules of loans will be influenced by the income mix of the persons served, as well as the financial viability of the development. The terms here are for reference purposes, the final and executed loan documents will define and control all terms.		

2018 DSHA Fee Schedule for Tax-Exempt Revenue Bonds		
<i>Application Fee</i>	\$500	Due with submission
<i>Issuance Security Deposit</i>	40 basis points of total proposed issuance amount	Due upon application approval, refunded if bonds are issued within 100 days of allocation
<i>Issuance Fee</i>	35 basis points of issuance amount or \$100,000, whichever is less	Due at bond closing
<i>Monitoring Fee</i>	5 basis points of issuance amount	Due at bond issuance
<i>Annual Issuer Fee</i>	12.5 points of initial bond amount	Due annually, payable in arrears
<i>Additional Costs of Issuance</i>	May include, but are not limited to, fees of bond counsel, underwriter, trustee, financial advisor, and rating fees. Deposit, less other expenses shall be credited to payment of this amount. Only 2% of the proceeds of the bond issuance may be used to pay these costs.	

General Criteria for All DSHA Funding

All programmatic housing tax credit rules and regulations apply, as do the following Project and Neighborhood Standards:

1. All LIHTC applicants seeking DSHA funding must properly satisfy the requirement of the QAP threshold and all other requirements described in the QAP.
2. DSHA promotes the use of the State Strategy Levels areas by tailoring programs based on those levels. All proposals for newly constructing or rehabilitating affordable rental communities must be located in Investment Levels 1, 2, or 3. No DSHA funding programs can be used for proposals located in Investment Level 4 areas.
3. The development shall be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, and Delaware Code Chapter 46, Title 6, The Equal Right to Housing provisions, and the Violence Against Women Act, each as may be amended from time to time.
4. New Creation (conversion or new construction) of units must promote greater choice of housing opportunities and avoid undue concentration of lower-income persons in areas containing a high proportion of low-income persons or high proportion of affordable rental units. Due to the high saturation of affordable units combined with low-homeownership rates and lack of economic and educational opportunities, new creation applications for the HDF or HOME program within the Distressed Areas of DSHA’s maps will only be accepted to the extent that the proposed project contributes to a qualifying Concerted Community Revitalization Plan, as defined in the QAP, which demonstrates a substantial nexus between affordable housing, the proposed project, and specific community benefits. Note: Preservation applications will continue to be accepted.

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5. The site must be free from adverse environmental conditions, natural or manmade, such as instability, flooding, septic tank backups, sewage hazards, or mud slides, harmful air pollution, smoke or dust, excessive noise vibration or vehicular traffic, rodent or vermin infestation, or fire hazards. The neighborhood must not be one that is seriously detrimental to family life or in which substandard dwellings or other undesirable elements predominate, unless there is activity in progress to remedy the undesirable conditions. Phase I and Phase II environmental audits may be required.
6. The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed and must conform to all local zoning ordinances/laws.
7. Adequate utilities (water, sewer, gas, and electricity) and streets will be available to the site.
8. The housing must be accessible to social, recreational, educational, commercial, and health facilities and services, as well as other municipal facilities that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents/sale prices.
9. Travel time and cost via public transportation or private automobile from the neighborhood to places of employment providing a range of jobs for the targeted population must not be excessive. (While it is important that elderly housing not be totally isolated from employment opportunities, this requirement need not be adhered to rigidly for such developments.).
10. Developments that require permanent or temporary relocation of current households, homeowners, and/or businesses will be considered only if HUD relocation guidelines are followed.
11. The development may not be in an area that has been identified as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, unless the development is covered by Flood Disaster Protection of 1973, and it meets any relevant HUD standards and local requirements.
12. All affordable units in developments with DSHA funding and LIHTC, and excluding any market rate units not financed by any DSHA funding, must meet the following minimum income targeting:
 - 5% of units rented at or below 40% of AMI at the published rent limits for 40% of median income households; and
 - 20% of units rented at or below 50% of AMI at the published rent limits for 50% of median income households; or
 - 40% of units rented at or below 60% of AMI at published rent limits for 60% of median income households or below.

Criteria for Federal Funding

All developments receiving federal funds, whether HOME or NHTF, must comply with the Sites and Neighborhood Standards and with federal environmental review standards, but must also meet additional requirements including, but not limited to:

- Affordability Periods and Income Targeting;
- Subsidy Limits;
- Reporting requirements including Section 3 and Minority/Women/Veteran-Owned Business Outreach Programs inclusive of compliance with Davis-Bacon prevailing wage rates as applicable;
- Affirmative Fair Housing Marketing Plan requirements; and
- Subsidy Layering Review.

DSHA Funding Underwriting and Additional Policies

All LIHTC Applicants seeking DSHA funding must observe strict adherence to the LIHTC Underwriting Guidelines. All requirements of the LIHTC Underwriting Guidelines can be found at www.destatehousing.com/Developers/lihtc/2018/2018_qap_guidelines.pdf and are incorporated by reference herein.

In addition to the standard LIHTC Underwriting Guidelines, the following conditions apply to any applicant project accepting any funding described by this Funding Supplement.

- a. Appraisals
 - i. An appraisal is required at application.
 - ii. DSHA may order an appraisal and reserves the right to further define appraised value based on conversations with other lenders in order to ensure consistency of valuation.
- b. Underwriting Criteria
 - i. DSHA's Underwriting criteria stated in the QAP Policies, including the Developer Fee definition, and all additional processes and procedures must be adhered to.
 - ii. Pro Forma Rent Approvals
 1. Rents should be affordable for the market area and not exceed the LIHTC maximums. When utilizing DSHA funds, rents must be set lower than LIHTC maximums in proportion to the amount and type of additional funding received and in compliance with the Rent Restrictions of this Funding Supplement.
 2. Applicants shall contact DSHA for comparable tax credit rents in the area of the proposed development thirty **(30) days prior** to the application deadline or the application may be disqualified.
 - iii. Operating Reserves
 1. An operating reserve is required for all developments with DSHA funding. Subsidized developments calculated at four (4) months of operating expenses, including debt service and six (6) months for unsubsidized developments.
 2. If development is considered acquisition/rehabilitation, the operating reserve escrow is established at construction closing unless otherwise approved by DSHA.

- iv. Payment and Performance Bond
 - 1. Payment and performance bonds from an approved bonding company are required for all funds received under any of these programs prior to beginning work on the development.
 - 2. Letters of Credit are not acceptable to fulfill this requirement.
- v. Working Capital Letter of Credit (LOC)
 - 1. A working capital LOC or cash in the amount of two and one-half percent (.025) of the combined construction financing in favor of DSHA and provided by an entity approved by DSHA, is required at construction closing.
 - 2. The LOC (or cash) cannot be provided by any lending, equity, or grant source involved in the development nor may any portion of the development be used as security for the working capital LOC or any other LOC issued in connection with the development.
- c. Net Equity
 - i. DSHA requires that a minimum amount of net equity raised be contributed to the development depending on current market conditions. DSHA shall determine and publicize the equity factor to be used in underwriting application during that funding round.
 - ii. DSHA reserves the right to deny DSHA financing where proposed net equity to the development is below current market standards. Net equity is defined as all equity raised for the development less syndication fees imposed by the syndicator and allowances by DSHA.
- d. Construction Equity Contribution Requirements
 - i. At least fifteen percent (15%) of the net equity to be raised must be contributed at construction closing.
 - ii. Equity letters of interest must be fully executed and clearly demonstrate that equity construction funds are available and that the balance of the required equity (except for that portion of the developer fee withheld by the investor) will be contributed at permanent loan closing.
 - iii. If more than 15% of the net equity is required as a source during construction, the additional required amount and proposed pay-in schedule must be documented from the syndicator and included in the application.
- e. Total Equity Contribution Requirements

Any equity contribution made for the benefit of the Development:

 - i. In excess of the total net equity contribution and the additional equity contributions used to fund the syndicator costs, tax credit monitoring fee, the tax credit allocation fee, replacement reserve, and the operating reserve, before or after the permanent loan closing will be:
 - 1. Allocated to the payment of DSHA's loans in the order and priority set forth in the Regulatory Agreement; or
 - 2. In the event there are insufficient funds to pay for eligible development costs (as determined by DSHA), and there are no other available monies in any of the funds, accounts or reserves related to the development, which have been previously approved for such use by DSHA and all other

development-secured lenders and such eligible development costs could otherwise only be paid through the developer's fee, then at the discretion of DSHA, such excess equity contribution may be used to pay such eligible development costs. Any equity contribution remaining after paying such eligible development costs must then be allocated to the payment of the DSHA loans in the order and priority set forth in the Regulatory Agreement.

- ii. In the event the equity contributions are less than the total equity contribution and the equity contributions used to fund the syndicator costs, tax credit monitoring fee, the tax credit allocation fee, and the operating reserve, before or after the permanent loan closing, then such equity shortfall shall solely be the responsibility of the developer. No monies in any of the funds, accounts or reserves related to the development may be used to pay any such shortfall. In no case may the developer's fee exceed the developer fee approved by DSHA.
 - iii. In the event a payment from the total equity contribution occurs after the construction loan closing, but prior to the conversion date, such payment may only be made to the owner/borrower or affiliate with the prior consent of DSHA. Such consent will be at the sole discretion of DSHA and made only through draw requisition forms and processes as approved by DSHA.
- f. Partnership Agreement
- i. A draft partnership agreement must be submitted to DSHA no later than fifteen (15) working days before construction closing or the closing will be delayed.
- g. General Contractor Requirements
- i. All General Contractors must be approved by DSHA. In order to be approved by DSHA, a General Contractor must complete the DSHA Contractor's Certification and Questionnaire process, provide requested information on all the required attachments, and be approved by DSHA thirty (30) days prior to invitation to bid or DSHA's application deadline (whichever is earlier). General Contractors must submit all required information to DSHA for approval on an annual basis. After DSHA has approved the General Contractor, s/he will be placed on the LIHTC Approved General Contractor List.
 - ii. The General Contractor must be listed on the 2018 LIHTC Approved General Contractor List as posted on the DSHA website no later than March 9, 2018.
 - iii. The LIHTC Approved General Contractor List and General Contractor's Certification Process is located at the following link:
www.destatehousing.com/Developers/dv_lihtc.php
 - iv. **NOTE:** All members of the Development Team, including the General Contractor must comply with DSHA's Draw Requisition and Cost Certification Guide. The guide can be found at the following link:
destatehousing.com/Developers/developermedia/cost_cert_guide.pdf

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- h. Plans and Specs
 - i. All LIHTC and DSHA funding recipients must follow the plans and specifications guidelines as set in the Design and Construction Standards available
www.destatehousing.com/Developers/lihtc/2018/2018_qap_guidelines.pdf
 - ii. LIHTC applicants that did not submit 80% Plans at the application date and submit Plans and Specifications after LIHTC award, the following will apply.
 - iii. The first set of plans and specifications submitted should be at least eighty percent (80%) complete. A \$500 re-design fee (per review) will be assessed when DSHA must make multiple reviews upon, but not limited to, the following conditions:
 - 1. Substantial design change;
 - 2. Increase and/or decrease in the number of units;
 - 3. Change of architectural team; and/or
 - 4. Change in initial concept.
- i. Cost Certification Requirements
 - i. **9% LIHTC Projects:**
 - 1. **Contractor:** The complete **draft** Contractor's Cost Certification is due sixty (60) days after the *earlier* of the following: DSHA "Permission to Occupy" approval(s) on the last building, issuance of all Temporary Certificate of Occupancy (TCOs), or issuance of all final Certificate of Occupancy (COs). If the complete draft cost certification is submitted after the deadline date, the contractor will be assessed a \$2,500 penalty fee plus an additional \$500 penalty fee for each additional week that the Cost Certification remains outstanding.
 - 2. **Mortgagor:** The complete **draft** Mortgagor's Cost Certification is due ninety (90) days after the earlier of the following: DSHA "Permission to Occupy" approval(s) on the last building, issuance of all TCOs, or issuance of all final COs. If the complete draft Cost Certification is submitted after the deadline date, the mortgagor will be assessed a \$2,500 penalty fee plus an additional \$500 penalty fee for each additional week that the Cost Certification remains outstanding. NOTE: It is the mortgagor's responsibility to ensure the Contractor's Cost Certification is submitted in a timely manner. Failure by the contractor to submit the Cost Certification in a timely manner will not warrant an extension of the deadline to the Mortgagor Cost Certification submission or a waiver of the applicable penalty fees.
 - ii. **4% LIHTC Projects:**
 - 1. **Contractor:** The complete **draft** Contractor's Cost Certification is due sixty (60) days after the issuance of all final COs. If the complete draft Cost Certification is submitted after the deadline date, the contractor will be assessed a \$2,500 penalty fee plus an additional \$500 penalty fee for each additional week that the Cost Certification remains outstanding.

2. **Mortgagor:** The complete **draft** Mortgagor's Cost Certification is due seventy-five (75) days after the issuance of all final COs. If the complete draft Cost Certification is submitted after the deadline date, the mortgagor will be assessed a \$2,500 penalty fee plus an additional \$500 penalty fee for each additional week that the Cost Certification remains outstanding. NOTE: It is the mortgagor's responsibility to ensure the Contractor's Cost Certification is submitted in a timely manner. Failure by the contractor to submit the Cost Certification in a timely manner will not warrant an extension of the deadline to the Mortgagor Cost Certification submission or a waiver of the applicable penalty fees.
- iii. The penalty fee cannot be paid from loans(s), equity proceeds or the project operations.
- j. Other Rebates, payments or contribution requirements
 - i. Other funds received at any time after construction completion and calculated using costs included in the Total Development Cost shall be allocated to payment of DSHA's loans in the order and priority set forth in the Regulatory Agreement, unless such funds were included as a source of construction funding, in which case the funds may be used to pay seller financing or deferred developer fee. Such payments specifically include the Downtown Development District Grants Program.
- k. Legal Documents
 - i. The following documents, which must be in "settlement ready format" must be submitted to DSHA's Dover office and/or DSHA counsel by the date established in the approving resolution:
 1. Copy of the title binder and all listed restrictions and/or easements;
 2. Land survey;
 3. Final 100% Plans and specifications;
 4. Subdivision plan, if applicable;
 5. Site plan;
 6. Organizational documents of ownership entity; and
 7. Identification of all development team members.
 - ii. Construction closing will not be scheduled until DSHA is satisfied with the completeness and accuracy of all submitted documents.
- l. Regulatory Requirements
 - i. LIHTC applicants must agree to retain their housing as rental housing for at least thirty (30) years after permanent closing or the duration of the loan(s), whichever is longer.
 - ii. LIHTC applicants will agree to all DSHA monitoring and compliance requirements, including but not limited to, rent increase approvals, tenant income targeting, reporting requirements (including financial and tenant data), physical inspections, reserve policies and all other policies, requirements and processes of DSHA.

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- m. Equity Distributions
 - i. For developments that have Deferred DSHA debt, amortizing DSHA debt with an interest rate of 3% or less, amortizing DSHA debt, regardless of interest rate, that is not current at year end when the surplus calculation is made, the annual equity distribution is limited to one and one-half percent (.015) of the initial net equity investment as determined by DSHA.
 - ii. For developments with approved debt service coverage ratios lower than 1.20:1, amortization periods longer than thirty (30) years, or are financed with the proceeds of tax-exempt bonds, the annual equity distribution is limited to one percent (.01) of the initial net equity investment as determined by DSHA.
 - iii. DSHA reserves the right to adjust profit/equity distribution at its sole discretion. Maximum accumulated distributions cannot exceed five (5) years.

Loan Approval and Council on Housing (COH) Process

DSHA will review and evaluate all completed applications for conformity to DSHA's LIHTC QAP for threshold and underwriting guidelines. Applications that **meet** threshold will be scored and reviewed by DSHA's Ranking Committee. ***Applications that do not meet minimum threshold requirements will not be scored.***

- The following items will be taken into consideration when determining the merits of funding requests:
 - Organization's past performance;
 - Community comments, if any;
 - Demonstrated need for development;
 - Suitability of development location;
 - Cost efficiency of the development;
 - Amount of loan per unit serving very low/low/moderate-income persons;
 - Length of payback period;
 - Position of the loan and how it is secured/length of repayment;
 - Source of permanent financing (if appropriate);
 - Percentage of total development cost funded by DSHA;
 - Cash and noncash equity participation of developer;
 - Evidence that alternate sources of financing have been utilized/exhausted;
 - Evidence that housing will be provided in neighborhoods where there is little very low/low/moderate-income housing available;
 - Extent to which the funding request will assist in revitalization of deteriorating neighborhood; and
 - Extent to which any current DSHA loans of the LIHTC applicant are in good standing.
- It will be the responsibility of the LIHTC applicant to clearly address the above stated criteria in order to be considered for a loan. Developments that fail to adequately address these items will not be considered for funding
- After the LIHTC awards are announced, DSHA will hold a kick-off meeting to discuss deadlines and requirements for LIHTC carryover agreements and DSHA funding.

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- DSHA will review and complete final underwriting on all awarded LIHTC applications seeking DSHA funding in order to present fully to the Council On Housing (“COH”).
- The application is designed to be sufficiently comprehensive and precise to address all information necessary for a responsible funding decision. However, DSHA and the COH reserve the right to ask for additional information during the review process should it be deemed necessary.
- All awarded LIHTC applicants requesting DSHA funding will be presented to the COH Loan Review Committee for recommendation of consideration. The COH Loan Review Committee will then present their recommendations to the full COH for recommendation to approve or disapprove the financing request.
- Applicants are encouraged to attend the COH meetings when their applications are brought before the Council.
- DSHA’s Director will take the COH’s recommendation under advisement and approve or disapprove the loan request. If approved, a funding Resolution will be executed by all parties.
- Assuming funding is approved, DSHA will provide the necessary loan documents to the funding recipient within sixty to ninety (60 – 90) days, depending upon the complexity of the financial structure of the funding.
- Assuming funding is approved and construction closing has occurred, applicant may draw DSHA funds for construction purposes utilizing DSHA’s Mortgagor’s Draw Requisition and Cost Certification process available at the following link or as otherwise approved by DSHA:

http://www.destatehousing.com/Developers/developermedia/cost_cert_guide.pdf

All questions regarding these funding sources or the application process should be directed to the Housing Development Section, by phone at (302) 739-4263, by mail to the Delaware State Housing Authority, 18 The Green, Dover, Delaware 19901, or by email to JackS@destatehousing.com

Delaware State Housing Authority Low Income Housing Tax Credit Design and Construction / Rehabilitation Standards

The Delaware State Housing Authority (DSHA) has developed the following design and construction / rehabilitation standards with the intent to enhance consistency in the design approval process, promote using durable materials that reduce long-term maintenance costs, create a healthy living environment for residents, enhance energy efficiency and reduce operating costs and provide utility savings for residents, and balance quality materials with costs for developments utilizing the LIHTC program and/or developments financed by DSHA.

Drawings, plans and specifications and all scopes of work are to comply to the latest building codes as adopted by the local county and/or municipality (see chart below) and other applicable Delaware and National codes and DSHA's Minimum Design and Construction/Rehabilitation Standards along with rules, ordinances and laws of all legal entities and authorities that have jurisdiction over the development and the construction and/or alteration of the development whether or not such requirements are specifically addressed in the plans and specifications or by DSHA's review. Installation of materials, equipment, products and building systems are to be per the manufacturer's requirements specifications and recommendations. All developments must comply with the laws and codes below as applicable.

DSHA specifically relies on the representations contained in the documents provided by the Developer, Borrower, and their respective professionals, including, but not limited to, their architects, contractors, engineers, surveyors, and attorneys (collectively "Developer").

Standards, Codes, and Regulations

The following standards, codes and regulations, along with all amendments, shall provide the technical requirements of the development's design and construction. The architectural team shall review all state and federal design requirements and/or building codes for their proposed development to determine which standard(s) shall apply to their project.

NOTE: Some statutory and regulatory provisions overlap others. Where there is a conflict, the most stringent provision applies, including any state or local laws, regulations, and/or codes which may be more stringent than federal requirements.

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A. Local Building Codes

Each county has adopted the following building codes (with supplements):

Kent County	New Castle County	Sussex County
2012 International Building Code	2015 International Building Code	2012 International Residential Code (for single-family home construction)
2012 International Residential Code	2015 International Residential Code	2012 International Building Code (for multi-family and commercial construction projects)
2015 International Plumbing Code with amendments	2015 International Mechanical Code	
	2015 International Fuel Gas Code	
	2015 International Plumbing Code	
	2012 International Energy Conservation Code	

ICC/ANSI A117.1-2009, as amended has been adopted and used by all three counties in Delaware. Its use within a governmental jurisdiction is intended to be accomplished through adoption by reference in accordance with proceedings establishing the jurisdiction's laws.

B. Americans with Disabilities Act of 1990 – 28 CFR 35 for Title II, The Fair Housing Act – 24 CFR Part 100

The Americans with Disabilities Act (ADA) was passed in July 1990 and became effective on July 26, 1992. Per ADA legislation, all projects are required by law to meet the handicap-accessibility standards as outlined in the Act and failure to design and construct certain public accommodations to include features of accessible design will be regarded as unlawful discrimination.

Title III deals with non-discrimination on the basis of disability by public accommodations and in commercial facilities. Public accommodations include all new construction effective January 26, 1993 and impact any rental office, model unit, public bathroom, building entrances, or any other public or common-use area. Existing public accommodations must be retrofitted or altered beginning January 26, 1992, unless a financial or administrative burden exists. The ADA guidelines do not impact residential units, since these are covered under Fair Housing and Section 504 laws.

Please refer to the following links for additional details:

<http://www.ADA.gov> and <http://www.usdoj.gov/crt/housing/titl8.htm>

C. Architectural Accessibility Act (AAA)

Per Delaware Code, Chapter 73, Title 29, all construction shall enable handicapped members of society to make use of public facilities with the maximum of safety and independence by providing for the implementation of standards or the elimination of architectural barriers.

D. Architectural Accessibility Board (AAB)

Per Delaware Code, Chapter 73, Title 29, §7306: The Architectural Accessibility Board shall have the following duties and responsibilities: Promulgate rules and regulations which shall contain standards for the design and construction of facilities covered by this chapter to assure that such facilities covered by this chapter are safely accessible to and usable by handicapped persons. Such standards shall be adopted by a majority vote of the Board following public hearings and shall take into account the requirements and standards recommended by the American National Standards Institute (ANSI) and the Building Code Officials and Code Administrators (BOCA) and any amendments thereto, and standards and requirements set out in applicable guidelines of the federal government; provided, that until such time as the regulations containing standards as required by this paragraph are formally adopted by the Board, the standards contained in subsections (1) through (n) of subchapter 6917 {repealed} of this title shall remain in force and effect and shall be applied by the Board.

E. Architectural Accessibility Standards

The purpose of the document is to implement Delaware Code, Chapter 73, Title 29, §7306 (a)(1) and (a)(2) of the Architectural Accessibility Act, which requires the Architectural Accessibility Board to promulgate rules and regulations which shall contain standards for the design and construction of facilities covered by the Act to assure that such facilities are safely accessible to and usable by handicapped persons.

All projects are required by law to meet the handicap-accessibility standards as outlined in the Delaware State Accessibility Standards. The design and construction guidelines are enforced by state and/or local building code officials. All LIHTC developments and/or developments financed by DSHA must be approved by the AAB prior to construction closing. Compliance with these guidelines is mandatory in order to receive a Certificate of Occupancy for the proposed development.

F. Architectural Barriers Act (ABA) of 1968 – 24 CFT 40, Major Provisions

Accessibility Standards for Design, Construction and Alterations of Publicly-Owned Residential Structures (24 CFR Subchapter 40.4). The Architectural Barriers Act (ABA) provides that residential structures that are (1) constructed or altered by or on behalf of the United States; (2) leased in whole or in part by the United States after August 12, 1968, if constructed or altered in accordance with plans or specifications of the United States; or (3) financed in whole or in part by a grant or loan made by the United States after August 12, 1968; shall be constructed to ensure that persons with physical disabilities have access to and use of these structures. Buildings constructed with Federal funds are subject to the ABA. All residential structures designed, constructed or altered that are covered by the ABA must comply with the accessibility requirements of the Uniform Federal Accessibility Standards (UFAS). Please note: Because UFAS does not fully address accessibility of units for persons with impaired hearing, for the 2% units that are required to be accessible for persons with hearing impairments, it is recommended that PHAs follow the 2003 edition of ICC/ANSI A117.1 Standard for Accessible and Usable Buildings and Facilities.

G. Fair Housing Amendments Act

All projects are required by law to meet the handicap-accessibility standards outlined in the Fair Housing Laws, including the Federal Fair Housing Amendments Act of 1988. The law provides that failure to design and construct certain residential dwelling units to include certain features of accessible design will be regarded as unlawful discrimination.

H. Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disability Act of 1990 (ADA), Section 504/24 CFR 8, Major Provisions

Section 504 of the Rehabilitation Act of 1973 states:

No otherwise qualified individual with a disability in the United States shall solely by reason of her or his disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program, service or activity receiving federal financial assistance or under any program or activity conducted by any Executive agency or by the United States Postal Service (29 U.S.C. 794).

This prohibits discrimination on the basis of disability in any program or activity that receives financial assistance from any federal agency, including the U.S. Department of Housing and Urban Development (HUD) as well as in programs conducted by federal agencies including HUD.

I. Uniform Federal Accessibility Standards (UFAS)

This document sets standards for facility accessibility by physically-handicapped persons for federal and federally-funded facilities. These standards are to be applied during the design, construction, and alteration of buildings and facilities to the extent required by the Architectural Barriers Act of 1968, as amended.

The State of Delaware has not elected to adopt UFAS as the State's standard. It has elected to utilize the ICC/ANSI A117.1-2009 as adopted.

Refer to the following link: <http://www.access-board/ufas/ufas-html.htm>

J. Universal Design

Universal Design is a design concept that encourages the construction or rehabilitation of housing and elements of the living environment in a manner that makes them usable by all people, regardless of ability, without the need for adaptation or specialized design. The intent of Universal Design is to simplify life for everyone by making products and the building environment more usable to as many people as possible at little or no extra cost. Universal Design should strive for social integration and avoidance of discrimination, stigma, and dependence. By designing housing that is accessible to all, there will be an increase in the availability of affordable housing for all, regardless of age or ability.

Refer to the following link: http://www.ncsu.edu/www/ncsu/design/sod5/cud/about_ud/udprinciples.htm

NOTE: Universal Design concepts do not typically reach all of the requirements of accessibility laws like Section 504 and the Fair Housing Act. Care must be taken to ensure that the requirements of all applicable laws are met in projects promoting Universal Design.

K. Visitability Concept

Visitability is a design concept that enhances the ability of persons with disabilities to interact with their neighbors, friends, and associates in the community for very little or no additional cost to the development. Although not a requirement, it is recommended that all design, construction, and alterations incorporate the concept of Visitability whenever practical and economical, in addition to the requirements under Section 504, the Architectural Barriers Act, Title II of the Americans with Disabilities Act, and the Fair Housing Act.

Refer to the following link: www.huduser.org/publications/pubasst/strategies.html

General Standards

All LIHTC developments, tax-exempt bond-financed developments, or developments utilizing DSHA-deferred financing and/or DSHA amortized permanent financing must adhere to DSHA’s design and construction/rehabilitation standards regardless of other financing source(s) utilized. All units in a Development must receive the same upgrades, modifications, and/or rehab work and be brought up to the same standards. DSHA's agreement to proceed with closing on a loan or other transaction shall not constitute in any manner whatsoever a final approval of the construction/rehabilitation of a development. In cases of conflicts between any design and/or contract documents, the more restrictive or expansive requirements will apply.

A. Minimum Square Footage for Bedroom Sizes

DSHA has established a minimum gross square footage requirement for new construction and conversion developments, including the conversion of non-residential space to residential use, based on bedroom size. **The square footage of units may not be averaged to meet minimum square footage requirements.** The following gross square footage dimensions are the minimum required by bedroom:

Units (by Bedrooms)	Minimum Gross Square Footage ¹
Efficiencies, including Lofts*	500 square feet
Single Room Occupancies (SRO)*	100 square feet
One Bedroom	700 square feet
Two Bedrooms	850 square feet
Three Bedrooms	1,050 square feet
Four Bedrooms	1,300 square feet
<i>* See note for City of Wilmington projects below</i>	

To qualify as a bedroom, the space must have adequate light, ventilation, and egress to meet all applicable building codes and ordinances. There must be at least one window in each sleeping room, at least two electrical outlets in proper operating condition, one door which meets all egress requirements, and/or meets minimum required by applicable building code. Square footage for bedrooms shall be determined by all applicable building codes and ordinances.

¹ The minimum gross square footage is measured from the face of the exterior sheathing to the center line of the party wall (exclusive of storage and common areas). Storage and common areas are defined as areas contiguous to units, but not part of the units' living area, such as attached storage sheds, storage rooms, stairs and halls in common areas.

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NOTE: *For City of Wilmington applications, DSHA will follow the, City of Wilmington definition of SRO / Efficiency as adopted in the Code of Ordinances. An efficiency living unit shall conform to the requirements as follows:*

1. *Every dwelling unit shall contain at least 150 square feet of floor space for the first occupant thereof, regardless of age, the floor space to be calculated on the basis of total habitable room area, exclusive of stairways;*
2. *In every dwelling unit of two or more rooms, every room occupied for sleeping purposes by one occupant shall contain at least 70 square feet of floor space, and every room occupied for sleeping purposes by more than one occupant shall contain at least 50 square feet of floor space for each occupant thereof;*
3. *The unit shall be provided with a separate closet;*
4. *The unit shall be provided with a kitchen sink, cooking appliance, and refrigeration facilities, each having a clear working space of not less than 30 inches (762 mm) in front. Light and ventilation conforming to this code shall be provided; and*
5. *The unit shall be provided with a separate bathroom containing a water closet, lavatory and bathtub or shower.*

B. Energy

A residential guide/manual shall be provided for residents which shall explain the intent, benefits, use and maintenance of their unit features and practices. All Energy Conservation Measures (i.e. Enterprise Green Communities, National Green Building Standards, and/or LEED for Homes Multifamily) that were chosen standards must also be met, including energy audit consultation.

C. Environmental Site Assessment

If the Phase I Environmental Site Assessment indicates environmental issues are present, the property shall submit a clear, detailed remediation plan prior to construction closing. Environmental issues include, but are not necessarily limited to, lead, asbestos, radon, and/or contaminated soils. The detailed remediation plan shall include, a quantification of hazardous materials and or conditions, remedial procedures to be undertaken, estimated cost of remedial work and source of funding, identification of the firms or firms which will perform the work and time schedule for completion of the work. All costs associated with the clean-up shall be fully detailed and estimated by a qualified environmental firm and will be submitted to all parties for review. In addition, where there are any environmental remediation costs identified in the Environmental Site Assessment, Environmental Audit, Capital Needs Assessment, or other application document, and such costs were not included in the projected environmental cost line items, any additional costs to remediate the environmental items shall be paid from the developer fee and will not be allowed from contingency.

D. Architect Certification Standards and Requirements

1. The Architect, Engineer(s), Surveyor and any other consultants to the Architect must be registered in Delaware and maintain registration in Delaware until project conversion. All consultants (**no exceptions**) must have a contractual relationship to the Architect through an AIA consultant agreement.
2. All documents/specifications shall be prepared by, or under the direction of, an architect registered in the State of Delaware, stamped with the design professional's registration seal, and accompanied by a statement signed by the professional certifying compliance with DSHA's Design and Construction/Rehabilitation Standards.
3. Rehabilitation of existing units must follow the same standards as new construction. DSHA requires that a comprehensive Capital Needs Assessment ("CNA") be submitted with the application if rehabilitation work is to be performed. The CNA must follow DSHA's CNA Requirements and all checklists. For all rehabilitation projects to meet minimum threshold requirements, the Rehabilitation Standards Checklist must be fully completed for rehabilitation projects that is included in DSHA's CNA requirements. The CNA shall verify the actual lifespan of all components of existing structure. If a CNA is not submitted/completed, the application will be considered incomplete and will not be scored. DSHA will also complete a site inspection forty-five (45) days prior to submission of an application to assure that its standards are being met and reserves the right to require additions and/or amendments to the CNA.
4. The "Plans/Specifications Review Checklist" for each county or municipality should be used as a guide for various governmental submissions and/or approvals required prior to DSHA loan approval.
5. Designs that do not meet current code requirements will not be considered cause for a change order.
6. All waiver requests relating to point categories or construction standards must be submitted no later than sixty (60) days prior to the application deadline, together with a payment of \$500 per waiver requested. No more than three (3) waivers may be requested for the same 9% application. Points will be subtracted from the relevant point category for those waivers that are granted in point categories. All approved waiver requests will be made available to the public.
7. All projects are required to provide as-built drawings and specifications (collectively "As-Builts") at the end of the project. The As-Builts are to be provided on CD in a .dwg format.
8. All projects are required to provide a final updated ALTA survey reflecting all changes and additions to the development site upon completion of the project, prior to permanent closing.

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E. General Contractor Requirements

All General Contractors must be approved by DSHA. In order to be approved by DSHA, a General Contractor must complete the DSHA Contractor's Certification and Questionnaire process, provide requested information on all the required attachments, and be approved by DSHA thirty (30) days prior to invitation to bid or DSHA's application deadline (whichever is earlier). General Contractors must submit all required information to DSHA for approval on an annual basis. After DSHA has approved the General Contractor, the firm will be placed on the LIHTC Approved General Contractor List.

The General Contractor must be listed on the 2018 LIHTC Approved General Contractor List as posted on the DSHA website no later than **March 9, 2018**.

The LIHTC Approved General Contractor List and General Contractor's Certification Process is located at the following link: http://www.destatehousing.com/Developers/dv_lihtc.php

NOTE: All members of the Development Team, including the General Contractor must comply with DSHA's Draw Requisition and Cost Certification Guide. The guide can be found at the following link: http://destatehousing.com/Developers/developermedia/cost_cert_guide.pdf

F. Bidding Protocol/Requirements

- a. The Developer/Owner of the development may determine the General Contractor at application and shall disclose the General Contractor as part of the Development Team or the Developer/Owner may opt to competitively bid the work after application and award. Regardless, the contractor will be subject to the following requirements: The General Contractor will agree to a maximum of 7% General Requirements of construction hard costs for new construction and rehabilitation projects, including all change orders. DSHA may allow an increase in general requirements for projects with thirty-two (32) units or less. This request must be made at application and final determination will be made at DSHA's sole discretion.
- b. The General Contractor will agree to a maximum of 7% Builders Overhead and Profit of construction hard costs and General Requirements for new construction and rehabilitation projects, including all change orders.
- c. There will be no increase to the Overhead and Profit or General Requirements other than what is approved by change orders during the course of the project. There will be no change orders approved solely to increase Overhead and Profit or General Requirements. At project completion, the Overhead and Profit and General Requirements percentages may not exceed the percentages submitted at application or approved at construction closing (whichever is less), but may be less than the approved percentages.
- d. DSHA shall review and approve plans and specifications for construction work prior to release for bidding.
- e. If the Developer, Development Team, and/or Applicant have related party and/or Identity of Interest ("IOI") subcontractor firms, they may not bid on the construction work or perform

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work on the development unless such arrangement has been reviewed and approved by DSHA at their sole discretion. The General Contractor may be required to obtain three (3) competitive bids for the identity of interest work and cannot charge any more than the lowest bid.

- f. If the General Contractor directly employs a trade, the General Contractor may self-perform the work (i.e. if the General Contractor directly employs a licensed plumber, the GC may self-perform plumbing trades on the job). The General Contractor may also self-perform other non-licensed trade line items; however, the General Contractor may be required to obtain three (3) competitive bids in all cases and cannot charge any more than the lowest bid.
- g. The General Contractor must provide fully-executed subcontractor contracts/agreements for **all** subcontractors (including IOI subcontractors) before any work is commenced prior to any payments being made to the subcontractor.
- h. The Developer/Owner may not pre-bid certain aspects of the work and require the General Contractor to use those subcontractors, unless reviewed and approved by DSHA at their sole discretion.
- i. If the General Contractor is not part of the Development team at application, they must be chosen through a competitive bid process after an award of credits or approval of DSHA financing, and the following additional conditions will apply:
 - a. Developer/Owners shall invite all firms on DSHA's LIHTC Approved General Contractor List to bid and obtain a minimum of three (3) bids from the approved list of General Contractors that will provide bid estimates for the proposed projects;
 - b. No additional bidder requirements may be added without written approval from DSHA, which may be withheld in their sole discretion (examples include, but are not limited to, additional payment and performance bond requirements, letter of credit for contractors, unrealistic timing demands, construction schedule, liquidated damage requirements, etc.). DSHA shall review and provide written approval of bid documents prior to release for bidding; and
 - c. The bids shall be sent to the architect of record in a sealed envelope, clearly marked with the project name and date stamped. Faxed or e-mailed bids shall not be accepted. The bids shall be privately opened, tallied, and the results forwarded to DSHA and Developer.

NOTE: For any funding sources that require bidding of the construction costs (i.e. USDA, HUD), the bidding requirements of those funding source(s) will control.

All fee changes are effective 01/10/2018. Tax Credit Allocations and/or HDF/HOME loans made prior to 07/01/2017 will continue to use the previous fee schedule.

Design and Construction Standards

A. Community Building/Office/Maintenance Space

All common spaces must adhere to the following requirements:

- i. **Office/Maintenance space:** All developments consisting of eighteen (18) residential dwelling units or more (exception: phased properties – see below requirements) must comply with the following:
 1. Have a site office of at least 200 square feet (exclusive of handicap toilet facility) and a maintenance room of at least 100 square feet;
 2. No portable storage buildings are allowed for office or maintenance areas; these spaces must be incorporated into the building design; and
 3. All maintenance areas must provide a mop sink. FRP board shall be provided on all adjacent wet walls at mop sink.

- i. **On-Site Community Buildings/Space:** All developments with community buildings/community space must meet the following minimum requirements:
 1. For projects receiving points for adding a new on-site community building or community space, the community building should contain at least 15 net square feet per unit and at a minimum 750 square feet in size. The square footage should be in addition to the kitchen or kitchenette, if provided. All community buildings/community space should be fully accessible including accessible office, bathrooms and other community areas of the building; and
 2. For rehabilitation of existing community buildings or community space, all community spaces should be fully accessible including accessible office, bathrooms, and other community areas of the building.

- ii. **Phased Projects:** Phased projects are required to provide office or maintenance space and/or community space unless a request to omit this requirement is submitted as part of the application and the request verifies the following conditions:
 1. Community buildings for applicable contiguous phases meet office/maintenance capacity requirements for **total units of all phases** utilizing space;
 2. Written approval from proposed syndicator/investor(s) and lenders that they agree to a shared-existing community/office/maintenance area structure. If different syndicators are selected for the different phases, all syndicators and lenders must provide written approval;
 3. That the same management company will manage all phases for consistency purposes during the compliance period except at the discretion of the investor member and DSHA. If a substitution of the management agent occurs, it will apply to all phases utilizing the community space(s);
 4. Community buildings/space that are shared among phased projects will only be considered an amenity for the phase on which it was originally built. Existing community buildings and/or community space are not eligible for

points, even if the community buildings and/or community space was part of the rehabilitation of the new LIHTC application; and

5. Must agree to provide all necessary easement documentation and state all responsibilities, costs, uses, etc. that will be shared among the phases.

B. Trade and/or Line Item Specific Design Requirements

1. *Site Work (includes Site Work Utilities and Site Improvements)*

- a. Finished floor elevations of buildings are to be minimum of 8 inches or higher than the adjoining finished grade. When achieving an 8-inch height separations is not feasible, due to accessibility requirements or other conditions, provide an alternate solution acceptable to DSHA.
- b. All projects with below-grade habitable space (units, common space, laundry rooms) will require an assessment to determine possible water infiltration/moisture problems, which could directly affect the overall total development budget.
- c. All existing utility connections shall be verified prior to application. New connections must be included in the base bid in order to make all utilities functional (outside 5' of perimeter of building).
- d. Contractor to verify if site has curb stops, water meters, and/or meter pits required by applicable municipalities. Existing curb stops shall be examined for viability. Inspection date of maintenance shall be provided.
- e. Storm water management ponds shall be designed to state standards. If a storm water management pond is designed to be wet, it shall have a perimeter fence for safety of tenants. Minimum fence material shall be post and rail with quality coated wire fence material on interior of rails (minimum height of 48" above finished grade). Make every effort to match new pond fencing with project fencing.
- f. All sites shall provide permanent enclosures for garbage dumpsters or trash receptacles consistent with the appearance of the dwelling units. Refuse collection areas must be on an accessible route. Install concrete filled bollards to protect walls of enclosure.

2. *Landscaping*

- a. Minimum landscaping budgets of \$500 per residential dwelling unit are required. This allowance is for installation of mulch beds, drought resistance plantings and new trees only. Maintenance and watering of all landscaping features shall also be included in the landscaping budget. It may not be used for fine grading, seeding and/or straw and sod. Allowance may not be used for tree removal or trimming. This is for curb appeal and beautification of the property.

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- b. All landscaped areas shall have warranted weed barriers (fabric only) installed under mulch and maintain 12" buffer between vinyl siding and grass areas around the perimeter of the structure, unless siding is at least 8" above finished grade.
- c. If irrigation system is not provided, hose bibs shall be provided on each front and rear of building with lockable boxes. Depending on building size, additional hose bibs may be required for ease of maintenance for landscape areas.
- d. All condenser units shall be landscaped to avoid mowing and trimming around unit.
- e. Concrete splash blocks shall be provided for all downspout locations. (See also, Metal/Gutters/Downspouts.)
- f. All landscaping requires a 2-year warranty.

3. *Roads/Parking*

- a. Large parking lots shall include planting areas. At a minimum, all existing parking areas shall be seal coated and striped. A capital needs assessment and/or civil engineer shall assess the overall condition of existing pavement, and if any grading or other issues are present, the work that shall be required in failing areas must be included in the project.
- b. If parking area does not have a curbed sidewalk area adjacent to parking, parking bumpers doweled into pavement shall be provided to maintain safe distance between parking area and trees or lawns.
- c. All paving requires a 2-year warranty.

4. *Building Environmental Remediation*

- a. Preliminary Radon Testing reports are required at the time of 80% plans and specification submission. Final radon testing is required on all units prior to occupancy and must comply with acceptable level requirements for occupancy (no greater than 4pCi/L).
- b. All lead and asbestos remediation work requires clearances prior to DSHA inspection for occupancy.

5. *Exterior Sheathing/Siding/Masonry*

- a. All exterior building surfaces shall be designed to be maintenance-free.
- b. Thermo ply exterior sheathing will not be allowed.
- c. All exterior surfaces shall have house wrap installed as per manufacturer's instructions.
- d. Vinyl siding must be premium grade.
- e. Vinyl siding must have composite trim installed when within 6" of finished grade.

- f. Medium density overlay board is not allowed for any development.
- g. All existing mortar joints shall be inspected for cracking and general deterioration. Where such conditions are noted, joints shall be repointed as part of the work.
- h. Mold-resistant drywall shall be used for all exterior applications. (See also, Drywall.)

6. *Finished Carpentry*

- a. Existing base molding shall be removed and replaced with taller dimension profile composite trim.
- b. Base trim at edge of tub shall be composite, rot-proof material. If gap is present, quarter-round rot-proof molding to be installed. (See also, Kitchen and Bath.)

7. *Kitchen and Bathroom*

- a. Kitchen cabinets and vanity doors, fronts, and boxes shall be solid wood construction with concealed door hinges. No high-density laminates will be allowed. Provide, at a minimum, one drawer base for each kitchen layout. Shelves shall be solid plywood at a minimum of ½” thickness. Base cabinet drawers shall not be sized larger than 36” in width.
- b. Hardware shall be provided for all cabinet drawers and doors. No bright brass finishes.
- c. Concealed blocking is to be provided for all items such as tissue paper holders, grab bars, and medicine cabinets, and as necessary to provide fully-accessible and adaptable units for both kitchen and bathrooms.
- d. Provide plastic laminate on wall between wall and base cabinet for all areas adjacent to base and wall cabinets.
- e. Back splashguard shall be wall mounted behind range. If range is located in corner, install additional splashguard on adjacent wall.
- f. Kitchen countertop shall be provided with end splash for adjacent or end walls. Countertops shall be Euro-edge; self-edge countertops are not permitted.
- g. Bathroom vanities must have cultured marble tops with slide splashes when adjacent to wall. Laminated tops with drop in bowl type fixtures are not permitted.
- h. One-inch minimum diameter grab bars properly mounted to in-wall blocking shall be used in lieu of standard towel bar.
- i. Tub requirements include:
 - i. One-piece bathtub unit may be selected. If selected, model must include:
 - A. Built-in blocking for future installation of grab bars; and

- B. Trim package to picture frame tub surround to protect splash zone (at least 4” outside of tub surround) all the way to the floor.
- ii. If a tub and separate surround are selected, the following requirements must be utilized:
 - A. Rigid fiberglass surrounds and/or ceramic tile will be used in conjunction with tub. No plastic surrounds will be allowed;
 - B. Blocking for future installation of grab bars must be installed; and
 - C. Selected tub surround must protect splash zone (at least 4” outside of tub) all the way to the floor.
- iii. Tub liners are acceptable with full height wall surrounds.
- j. Base trim at edge of tub shall be composite, rot-proof material. If gap is present, quarter-round rot-proof molding to be installed. (See also, Finished Carpentry.)
- k. Exhaust fans for all bathrooms shall be low speed/low noise continuous exhaust fan (hard wired), similar to Panasonic Quiet Whisper model, or single switch exhaust fan light combination that meets all applicable building codes and approved by DSHA and the architect. Sone rating < 1.0.
- l. Shower rod to be surface mounted, no tension rods allowed.
- m. Accessible showers shall be provided with a removable bench type seat for the shower stall, shower controls and a hand held shower head within reach of the seat and compressible dam at the shower entrance threshold. Weight requirements shall be per manufacturer's recommendations.

8. *Insulation*

- a. Insulation shall meet all applicable codes for new construction and rehabilitation. Exceeding code standards is permissible if costs are reasonable.

9. *Roofing*

- a. Roofing materials, which exceed 50% of the life expectancy, shall be removed. At this time substrate shall be inspected (no second layers allowed).
- b. Asphalt shingles shall have a minimum warranty of 30 years, and meet applicable wind building codes.
- c. All roofs shall have 3” “T” edging around the perimeter, no smaller than two-foot sections, especially at corner intersections.

10. *Metals/Gutters/Downspouts*

- a. Concrete splash blocks shall be provided for all downspout locations.

11. Doors and Frames

- a. Must provide a minimum of 30” overhang at front door and 12” along every other exterior door. Exterior doors must be Energy Star rated for zone 4 and wind rated for 90 mph. Exterior doors shall be insulated core.
- b. Interior doors shall be Masonite or better. Tops and bottoms of all interior and exterior doors must be painted.
- c. Doorstops shall be rubber disk type or half-moon type. All other types must be approved by DSHA. All stop finishes must match door hardware. The use of hinge-pin type doorstops is prohibited. Blocking required behind all wall mounted door stops.
- d. No bi-fold or bi-pass closet doors; all closets must have a hinged door. If code requires metal bi-fold door application, doors must be installed in wood frame with wood trim.
- e. Hardware shall be brushed aluminum or better, no polished brass. Grade two (2) or better, including hinges and door bumpers. All exterior hinge hardware shall be of non-rusting, quality materials.
- f. Frame savers shall be used on all exterior applications. Exceeding code required "U" value standards is permissible if costs are reasonable.
- g. Entry door shall have a doorbell or knocker and peep hole (eye viewer), no polished brass. Peep/viewer to be provided for solid rear door. ADA-compliant doors shall have two viewers at required heights.
- h. Patio and/or French doors shall have integral mini-blinds built in between glazing to provide privacy. (See also, Blinds/Shades.)
- i. Automatic openers are required for ADA compliance in community center or other public space. (See also, Electrical.)

12. Windows

- a. New and replacement windows must be Energy Star and rated for zone 4 and wind rated for 90 mph or DP20 minimum. Exceeding code required "U" value standard is permissible if costs are reasonable.
- b. Slider windows will not be allowed. Single hung should be considered, local codes shall dictate.

13. Drywall

- a. All drywall must be glued and screwed.
- b. Moisture-resistant drywall shall be used in all locations where plumbing penetrates walls, including the entire bathroom, (i.e., ceiling and walls), or comply with building code,

whichever is more stringent. Impact-resistant drywall shall be utilized in hallways and high-traffic areas.

- c. Mold-resistant drywall shall be used for all exterior applications and core wall applications.
- d. If ceramic tile is used, cementitious board shall be provided as underlayment.
- e. Preparation is required to obtain level 4 finishes. For rehabilitation projects, if a level 4 cannot be achieved, overlay of existing wall with 3/8-inch drywall should be used. In some rehabilitation situations, other best practices for drywall repair may be considered at DSHA’s sole discretion.

14. Flooring (Includes VCT/Vinyl/VCP/Carpeting)

- a. Solid vinyl (plank or tile) flooring shall be used for entry areas, bathroom, dining areas, kitchens, and utility areas unless prior approval is given by DSHA. A minimum of two color fields required for solid vinyl tiles. Color variations and configuration design options may be allowed at DSHA’s sole discretion. Seal and wax, per manufacturer’s direction.
- b. Carpets for the remaining areas of the unit are optional. DSHA encourages other environmentally-friendly products as a substitution for carpet. If carpets are utilized, an additional \$150 per unit in replacement reserve funds is required. Carpets may not be installed in baths, kitchens, hallways, dining areas, or in front of exterior doors. Carpet to meet minimum weight and grade standard as follows:

Carpet Element	Minimum Grade/Standard
Filament	100% Smart Strand Triexta BCF
Gauge	5/32
Pile Height	.520
Stitches Per Inch	7.50
Certified Pile Height	29.40 oz.
Total Weight	64.47 oz.
Density	2,035
Primary Backing	Woven Polypropylene
Indoor Air Quality	#GLP 1118
Flammability	Pill Test – 16 CFR-1630.4 (FF-1-70): PASS

Carpet width shall be 15' wide to minimize seams in high traffic areas. No Berber allowed. Padding is required and shall be a minimum of 6# density.

- c. If common hallways are designed, no carpet is permitted. Solid vinyl flooring to be installed in common hallways, with two colors required if utilizing VCT.
- d. Hardwood flooring or other materials may be utilized as approved by DSHA.
- e. Gypcrete shall be sealed per manufacturer's specifications.
- f. If homosote and/or gypcrete is present, expect to remove material prior to installation of new flooring material. All floor preparation for new flooring installation is the responsibility of the General Contractor.

15. Painting

- a. All interior paints and primers shall have low or no VOC levels.
- b. Paint shall be an egg shell or low luster semi-gloss. Kitchens and bathrooms shall be semi-gloss. No flat paint will be allowed on walls. but will be permitted for ceiling application only. Other paints must be approved by DSHA.
- c. Minimum of three (3) coats are required - one (1) primer and two (2) finish coats. Shall meet requirements of manufacturer.
- d. Rehabilitation properties shall have primer similar to "Kilz" enamel or oil based type sealer/primer for application on existing drywall or approved primer to adhere to existing drywall conditions.

16. Playground/Site Recreation

- a. Tot lots and/or a designated recreation area shall be provided. Family developments must provide a playground on site. Designated play areas and playgrounds are considered "common areas" and must be on an accessible route.
- b. Elderly sites should provide site recreation such as gazebos, walking trails, bocce courts, etc. All proposed elderly site recreation must be submitted to DSHA for final review and approval.

17. Specialties

- a. All shelving shall be vinyl coated wire units. Provide all intermediate supports needed.
- b. Contractor shall supply rechargeable 2.5 #ABC fire extinguishers (minimum size) for each unit, or where code mandates-which-ever is more stringent. All fire extinguishers shall be tagged and inspected annually.

- c. Construction Signage: Development shall provide a temporary project banner or sign of exterior grade plywood and wood frame construction, painted, with exhibit lettering by professional sign painter to architect/engineer's design and colors. The sign should list the project name, DSHA, name of owner, architect/engineer, professional subconsultants, contractor and major subcontractors. Other funding sources and/or partners may also be included. Erect on site at location established by the architect/engineer.
- d. Permanent Signage: A permanent development sign with appropriate information as approved by DSHA shall be provided by permanent loan closing.
- e. Building/Unit Signage:
 - i. Exterior signage shall not be polished brass;
 - ii. Unit numbering and building identification numbers shall be provided and approved by the Fire Marshal and Post Office;
 - iii. Unit number shall be provided on all front and rear doors; and
 - iv. All emergency signs shall be LED.

18. Appliances

- a. All appliances will be Energy Star certified (with the exception of microwaves and stoves) and must be pre-wired for a power source.
- b. Refrigerators shall be frost free (minimum of 15 cubic feet).
- c. Ovens shall be self-cleaning. (Utilize U.L. listed code compliant connectors for gas stoves.) No glass cooktops allowed.
- d. All exhaust hoods must be insulated and ducted to the exterior. Re-circulating charcoal filter type model may be used if approved by DSHA.
- e. Washer and dryer hook-ups or laundry facilities (either in the community building or other building(s)) are required for the development. Must meet all accessibility requirements. Washer and dryer hook-ups, if chosen, shall be designed for side-by-side set up with a minimum depth of 30". Recessed dryer vent boxes are required.
- f. Garbage disposals are not recommended due to high maintenance. If used, disposal shall be 1/2 hp motor with a stainless steel shank. For ADA units, a lowered switch within reach range shall be provided and the location of all appliances shall meet all accessibility standards for clearances.
- g. Dishwashers are to be provided. If venting on unit is located adjacent to counter top, underside of counter top edge must be laminated.

19. Blinds/Shades

- a. Mini-blinds shall be of quality construction. Each window shall be provided with one (1) blind (i.e. a double window shall have two (2) blinds).
- b. Maximum blind size shall be no wider than 42". All blinds wider than 36" shall have a center support bracket installed.
- c. Patio and/or French doors shall have integral mini-blinds built in between glazing to provide privacy (See also, Doors).

20. Plumbing

- a. Condensate lines shall drain correctly with exterior grade and/or foundation (pumps shall be provided when needed). Existing condensate lines shall be checked and free flowing if lines will be reused. Contractor to check discharge location and eliminate all pooling water. Existing condensate lines shall be cleaned, tested, discharge connections verified, and replaced as necessary.
- b. Floor drains and/or sump holes shall be provided in all basements and/or crawl spaces. The floor shall be pitched to these drains or sumps and the drains or sumps shall be connected to a positive drainage system or to the exterior of the building. Sump pumps must be installed, ½ hp minimum. Sump pits shall be provided with cover.
- c. No polybutylene piping allowed.
- d. Provide a main water supply shutoff for each building.
- e. Existing sanitary lines shall be video traced to determine viability for the rehabilitation.
- f. Contractor to verify if site has curb stops, water meters, and/or meter pits required by applicable municipalities. Existing curb stops shall be examined for viability. Inspection date of maintenance shall be provided.
- g. Electric hot water heaters shall have a minimum Energy Factor of 0.92EF or better. All gas fired models shall be Energy-Star certified. Minimum warranty period is ten (10) years. Exceeding DSHA standards is permissible if costs are reasonable.
- h. Any heat or coil unit located in attic area shall have a pan and condensate line draining to the exterior.
- i. Boilers and/or water heaters serving more than one (1) unit shall be replaced with individual units where practical, considering space and cost limitations. DSHA must be consulted before such decisions are made.

21. *Sprinklers/Fire Suppression*

- a. Sprinkler systems are required.
- b. All sprinkler and fire alarm systems must be designed and approved by the appropriate Fire Marshal **PRIOR** to construction closing.

Any Multi-Family residential building, new construction or rehabilitation shall follow the Delaware State Fire Prevention Regulations to the fullest extent of the law. Please note Part VI, Chapter 3 for Apartment Buildings/Multi-Dwellings. No exception will be made for rehabilitation which will qualify for the 50% rule for grandfathering of any code. Entire Fire Prevention Regulations can be found at the following web page

<http://www.delawarestatefiremarshal.com>.

- c. Water capacity should be sufficient and evaluated for capacity at the application stage of the project.
- d. Where any fire suppression associated costs are identified and not included in the projected fire suppression and associated cost line items after an allocation of credits is awarded, any additional costs shall be paid from the developer fee and will not be allowed from contingency.
- e. **NOTE:** Scattered sites shall be determined on a case-by-case basis.
- f. Contractor shall supply rechargeable 2.5 #ABC fire extinguishers (minimum size) for each unit, or where code mandates-whichever is more stringent. All fire extinguishers shall be tagged and inspected annually (See Specialties).

22. *HVAC*

- a. All condenser units shall be set on a poured concrete pad or DSHA-approved pre-fab pads. Design shall incorporate multiple condensers on concrete pad and avoid inside corners where applicable.
- b. All condenser units shall be landscaped to avoid mowing and trimming around unit.
- c. Verify that refrigerant lines are appropriate for HVAC unit size and type. Lines not being replaced are to comply with all of the requirements of the manufacturer for using existing lines. Submit a letter from the manufacturer that states the use of existing lines will not reduce performance and/or warranty of the heat pumps or other air condition systems.
- d. High efficiency HVAC units are required.
Furnace efficiency = 90AFUE
Min. SEER = 14.0 or better.
- e. No through the wall HVAC units (PTAC).

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- f. Programmable thermostats are required.

23. *Electrical*

- a. All building codes shall be incorporated into each project. Any item to make project code compliant shall not be an extra or a change order. All incidentals shall be included.
- b. Electrical services shall be field verified. Service loads shall be calculated prior to any equipment upgrades and all necessary components made a part of the contract price.
- c. All existing utility conditions shall be verified and included into base bid of contract.
- d. Automatic openers are required for ADA compliance in community center or other public space. (See also, Doors and Frames.)
- e. All lighting must be Energy Star fluorescent, LED fixtures where available. Ceiling fans, as well as light kits, must be Energy Star rated.
- f. Overhead ceiling fixtures should be provided in the living room/dining areas and all bedrooms. Swag fixtures are prohibited. Wall sconces may be installed in lieu of overhead fixtures due to existing conditions and with the approval of DSHA.
- g. Bathrooms shall provide minimum of one ceiling fixture and one wall fixture.
- h. Exterior light fixtures shall not have brass finish. Exterior fixtures must be rated for exterior applications. Energy Star fluorescent porch lights with photocell.
- i. Automatic light controls shall be installed in the community building to minimize energy use.
- j. Provide one telephone and cable outlet in each bedroom and one other telephone and cable outlet in the unit. If possible, use combination box/plate.
- k. Verify local provider for cable box requirements, electrical requirements and/or install media boxes for the same.
- l. Install locations of demarc boxes for cable/internet/phone network hub in each building must be identified. Install location for individual service boxes must be identified for each unit and a dedicated outlet provided for each unit. Verify local provider for cable box requirements, any additional electrical requirements, and/or install media boxes for the same.

24. *Fire Alarms/Security Systems*

- a. Combination smoke and carbon monoxide detectors shall be provided for all projects utilizing natural gas onsite.
- b. Security and surveillance systems are required. The security system will provide surveillance for all residential buildings and common areas, including parking lots and

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community buildings and shall be monitored by the management company and have the capability for the local police to tie into the monitoring system.

- c. Elderly dwelling units shall be provided with medical emergency pull chains in at least two (2) locations that are connected to a central station. The two (2) locations will be in the master bedroom and full bathroom. The pull chains will be wired to an exterior warning device that consists of a strobe light and audible alarm.

25. Termite Protection/Pest Protections

- a. A termite inspection and certificate shall be provided for all rehabilitation projects prior to construction closing.
- b. Termite pre-treatment of soils is required for all new construction. Certificates shall be part of the Operation and Maintenance Manual.

Architectural Plans, Engineering and Specification Review (AE&S) Process

All LIHTC Applicants must provide and/or meet the AE&S minimal-submission requirements listed below as part of the LIHTC Application:

A. Minimum AE&S Application Threshold requirements:

1. Location Map with all services located and noted;
2. Plot plan of preliminary survey with all wetland and/or flood plain elevation, easements proposed and/or existing;
3. Utilities available to site;
4. Conceptual Site Plan with proposed development/redevelopment; should include design concepts that reflect the surrounding community;
5. Conceptual Drawings:
 - a. A floor plan with dimension, room designations, ADA units, and proposed finishes;
 - b. Exterior elevations with material notations; and
 - c. Typical wall sections and detail.
6. DSHA will review to make sure all of the following requirements are met, identify potential issues, and/or proper information has been submitted:
 - a. Gross square footage for new construction and conversion developments;
 - b. Fair Housing and ADA requirements;
 - c. CNA and all applicable checklists;
 - d. Phase I Environmental Audit and/or Phase I Site Environmental Assessment, including remediation plan, if applicable;
 - e. Energy and Green certifications and/or Energy Conservation Measures are completed and identified;
 - f. Historic documentation, if applicable; and
 - g. Development and Unit Amenities documentation.

B. 80% or Greater Project Plans and Specification Requirements:

Required for LIHTC Applicants that are applying for Readiness to Proceed points and/or have received an award of LIHTC and/or DSHA funding and are proceeding towards construction closing:

Architectural Plans

1. Civil drawings
 - a. Proposed site plan should include all existing structures and locations of all proposed structures
 - b. ALTA Survey with property description, existing and proposed roads and parking elements
 - c. Storm Water Management Plan
 - d. Information concerning the proposed site specific to the project, accessibility and visitability features retaining walls, etc.
 - e. Existing Conditions and Demolition Plan
 - f. Site and Utility Plan, including fire flow capacity, electrical capacity, with existing current utility conditions (i.e. cable, phone and media boxes)
 - g. Erosion and Sediment Control Plan

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- h. Grading Plan
- i. Details and Notes
- j. Landscape Plan
- k. Lighting Plan

2. **Architectural drawings**

- a. Title Sheet
 - Project information including Project name and address
 - The names, addresses and contact information of Owner and all Consultants
 - Date
 - Submissions level
 - List of Drawings
 - Project-Area Breakdown
 - Unit Mix and Square Footages
 - Vicinity Map
- b. Demolition Floor Plans for Each Building Level (1/8" scale)
- c. Preliminary Floor Plans for Each Building Level (1/8" scale)
- d. Demolition Plans of Individual Units (1/4" scale min)
- e. Individual Unit Plans (1/4" scale min)
- f. Schematic Exterior Building Elevations (1/8" scale min)
 - Provide elevations of all major exterior wall areas
 - Provide schematic key plan indicating elevation locations
 - Include demolition information as required
- g. Typical-Rated wall types and assemblies
- h. Typical Foundation Plans and Details
- i. Typical Roof and Stair Details
- j. Air Sealing Details
- k. IECC Air Sealing Details
- l. Door Schedule
- m. Window Schedule
- n. Door Head and Jamb Details
- o. Window Head and Jamb and Sill Details
- p. Threshold Details
- q. Unit Floor Finishes
- r. Kitchen Elevations
- s. Bathroom Elevations
- t. Site lighting and photometrical drawings
- u. Landscape drawings
- v. Phase I Environmental Site Assessment
- w. Termite Report
- x. Structural, Geotechnical, Roof Condition and Sewer Line reports when applicable
- y. Energy Conservation Measures Plan, as applicable

3. **Structural drawings**

- a. Information concerning the proposed Structural Systems and Information on Unusual Conditions as required
- b. General Notes and Code Compliance
- c. Schedules and Special Inspections
- d. Framing Plan
- e. Foundation Plan
- f. Roof Framing Plan
- g. Foundation Details

4. **Mechanical drawings**

- a. Mechanical Plan
- b. Typical Unit Plan
- c. Mechanical Schedules and Details

5. **Plumbing drawings** (including approved Fire Suppression plan)

- a. Information concerning the proposed plumbing systems and information on Unusual Conditions as required
- b. Information on existing plumbing systems and the effect that project will have on these
- c. Building Sanitary Plan
- d. Domestic Service Plan
- e. Typical Sanitary Plan
- f. Typical Domestic Plan
- g. Sanitary Riser Plan
- h. Fire Protection Plan

6. **Electrical drawings** (including approved Fire Alarm)

- a. Information concerning the proposed Electrical Systems and Information on Unusual Conditions as required
- b. Information on the existing electrical systems and the effect that the project will have on these
- c. Electrical Plans
- d. Typical Electrical Renovated Unit Plan
- e. Electrical Site Lighting Plan
- f. Electrical Site Lighting Photometrics Plan
- g. Site Power Plan
- h. Electric Schedule
- i. Electrical Details and Diagrams

Specification Requirements

1. The Specifications shall include all sections of the 32 Division CSI format applicable to the project. The outline specifications should support the information described in the threshold and scoring criteria.

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2. The specifications need not be complete CSI/MasterSpec format
 - a. The section numbering and naming shall comply with the CSI 32 Division format
3. The Specification cover shall include the following:
 - a. The names, addresses and contact information of the Owner and all consultants;
 - b. The project name and address;
 - c. Date; and
 - d. Submissions level.
4. A complete table of contents shall be included at the front of the Specifications
5. Division 00
 - a. Include General Conditions, Supplementary Conditions and other project requirements, including those of all lenders and syndicators/investors
 - b. Include Specific Renovation/Demolition related sections as required
 - c. List of Drawing Sheets
 - d. Procurement Substitution Procedures
 - e. Existing Condition Information, if applicable
 - f. Geotechnical Data
6. Division 01- General Requirements
 - a. Summary
 - b. Payment Procedures
 - c. Project Management and Coordination
 - d. Submittal Procedure
 - e. Quality Requirements
 - f. Temporary Facilities and Controls
 - g. Execution
 - h. Construction Waste Management and Disposal
 - i. Close Out Procedures
 - j. Operation and Maintenance Manual Data
 - k. Project Record Documents
7. Division 2 through 32
 - a. Include sections for all proposed elements
 - b. Include Specific Renovation/Demolition related sections as required.
 - Part I- General
 - Part II- Products
 - Part III- Execution
8. The first set of plans and specifications submitted should be at least 80% complete. A \$500 redesign fee (per review) will be assessed when DSHA must make multiple reviews due to, but not limited to, the following conditions:
 - a. Substantial design change;
 - b. Increase and/or decrease in the number of units;

- c. Change of architectural team and/or change in initial concept; and
- d. **All fees assessed at DSHA's discretion.**

C. Construction Closing Requirements:

The following is, but not limited to, a list of final and completed documents required thirty (300 days prior to construction closing:

1. Approved ALTA Survey, signed and sealed by licensed Surveyor;
2. Environmental Summary with approved Work Plan;
3. Owner-Architect AIA Agreement;
4. Architect/Consultant Agreement;
5. 100% Architectural Plans and Specifications;
6. Building Permit;
7. Architectural Accessibility Board Approval;
8. DeIDOT Entrance Permit;
9. DNREC Permit and/or NOI Permit;
10. NESHAP Permit;
11. Public Utilities, letter for each service;
12. Zoning Letter;
13. Flood Plain Designation;
14. Wetland Delineation;
15. Sediment Control and Storm Water Management Plan Approval; and
16. Fire Marshal approval for both structure and site.

D. Permanent Closing Requirements:

The following is, but not limited to, a list of final and completed documents required thirty (30) days prior to permanent closing:

1. Post ALTA Survey;
2. Operation and Maintenance Manual;
3. Energy Star Certification, Enterprise Green Certification, National Green Building Standards Certifications, or LEED Homes Certification, if applicable;
4. As Built Drawings and Specification. The As-Builts are to be provided on CD in a .dwg format;
5. Certificate of Occupancy for each structure;
6. Warranty/Guarantees; and
7. Environmental Clearances.

Delaware State Housing Authority Capital Needs Assessment Policy

All Rehabilitation applicants (including Preservation, Historic, Conversion, and Adaptive Re-Use projects) must submit a Capital Needs Assessment (CNA). The CNA is a qualified professional's opinion (typically an Architect or a Qualified Rehabilitation Specialist) of a property's current physical condition. The CNA identifies deferred maintenance, physical needs, remaining useful life of key components, building material deficiencies, and material building code violations that affect the property use, structural and mechanical integrity, and future physical capital and financial needs.

The purpose of the CNA is to determine a property's physical capital needs over the next 20 years and/or to determine the type of rehabilitation needed for securing Low Income Housing Tax Credit (LIHTC) and/or financing from DSHA.

Base Requirements:

1. CNA Reports cannot be prepared more than 12 months prior to application submission;
2. The report must cover all buildings within the project;
3. The CNA professional cannot have an identity of interest or business with the General Contractor, Owner, Developer, or Appraiser of the project being evaluated;
4. The Design Architect and/or Architect of record for the proposed project may be the CNA Provider;
5. As part of DSHA's pre-inspection notice for LIHTC applications, DSHA staff will visit the site prior to the CNA to provide technical assistance. Although not required, a draft version may be submitted to DSHA for comment prior to final submission; and
6. One (1) hard copy of the final report shall be incorporated into the Exhibit portion of the LIHTC or other DSHA financing application and an electronic copy in a PDF format in the scanned version of the LIHTC or other DSHA financing application.

Main components of the CNA Report:

1. Executive Summary

- a. Brief Narrative of the project;
- b. Date of report;
- c. Name and location of project including all buildings;
- d. Name and contact information of the current property owner;
- e. Name and contact information of the proposed new property owner, developer, and/or client;
- f. Name and contact information of the CNA Provider; and
- g. Name(s) of individual(s) that prepared the report.

2. Basic Project Information

- a. Current Property Information:
 - i. Lot Area in square footage and acres;

- ii. Type of building: single family home, duplex, townhouse, apartment building (low, mid, or high rise and walkup or elevator);
 - iii. Building(s) foot print in square footage and acres;
 - iv. Current number of regular parking spaces and accessible parking spaces (including garage stalls);
 - v. Building(s) gross square footage;
 - vi. Number and gross square footage of all dwelling units summarized by type and floor level;
 - vii. Identify and summarize common use space and other amenities including gross square footage;
 - viii. Identify type of construction, total number of buildings, total number of stories, and building height; and
 - ix. Date of original construction
- b. Vicinity Map - Provide an aerial site map or survey showing property lines, neighboring streets and properties, and other information deemed necessary.
 - c. Current photographs of the site. Photos should document and support findings including, but not limited to, the general building exterior, site conditions, kitchens and bathrooms, flooring, entry areas, common areas, architectural and structural components and mechanical systems.

3. *Inspection Requirements:*

- a. At least 50% of the dwelling units in a development containing forty-nine (49) or more units; and
- b. At least 40% of the dwelling units in a development containing fifty (50) or more units.

4. *Management and Maintenance Staff Interviews:*

- a. Document a five-year history of capital and major repair expenditures; and
- b. Identify known future capital improvement needs or other deferred maintenance needs.

5. *DSHA Rehabilitation Standards Checklist and Life Expectancy Chart:*

- a. Provide an analysis of key building systems and assemblies utilizing DSHA's Life Expectancy Chart, estimating age, expected useful life and effective remaining life and need of replacement.

6. *Scope of Work:*

- a. Capital Improvements. Provide an itemized description of capital improvements needed for rehabilitation and over a 20-year term:
 - i. Site Improvement Evaluation/Analysis (utilities, parking, paving, sidewalks, water, sewer and drainage, landscaping, trash enclosures/compactors, other structures, and general site improvements);
 - ii. Building Architectural and Structural Systems Evaluation (foundations superstructure and floors, roof structures and roofing, exterior walls and stairs, siding, downspouts, Verify all substrates and/or flooring surfaces for suitability of new VCT and/or carpet installation.);

- iii. Common Areas Evaluation – office, community rooms, common areas energy efficiency, tenant amenities, playgrounds and playground equipment;
 - iv. Mechanical, Electrical and Plumbing Systems Evaluation - (building HVAC, plumbing, electrical, elevators, fire protection/security systems); and
 - v. Dwelling Units - Interior Dwelling Units Evaluation (interior finishes, all floors, walls, ceilings, paint, kitchens and appliances, carpet, vinyl, interior doors, shelves, cabinets, vanities, closets, interior HVAC, plumbing, bathroom fixtures, electrical fire protection systems, security systems). Verify all substrates and/or flooring surfaces for suitability of new VCT and/or carpet installation.
- b. Critical Repair Items. All health and safety deficiencies or violations that require immediate remediation. Identify in detail any repair items that represent an immediate threat to health and safety, and all other significant defects, deficiencies, items of deferred maintenance, and material building code violations (individual and collectively, physical deficiencies) that would limit the expected useful life of major components or systems. Deficiencies regarding significant life safety issues must be identified;
- c. Long-Term Physical Needs. An estimate of the repairs and replacement items beyond the first year after rehabilitation that are required to maintain the development’s physical integrity over the next **twenty (20) years**, such as major structural systems that will need to be replaced during this period;
- d. DSHA Environmental Due Diligence Checklist. The report shall provide observed or potential on-site environmental hazards;
- e. Costing. A Cost Estimate should be part of this report. All items included in the main components of Capital Improvements, Critical Repair Items, Long Term Physical Needs, and the abatement of environmental hazards must be included in the scope of work proposed in the CNA Application;
- f. Appendices (photographs, site plans, maps, etc.); and
- g. Final Report. The final CNA Report must be signed, dated, and certified by the CNA Qualified Profession and Individual(s) responsible for preparing the report;
- i. Identity of Interest Certification. The CNA provider must include and certify within the final report the following: a. “I certify that neither (insert Firm name), nor any partner, director, stockholder, officer, employee, or agent associated with the Firm, nor any person or entity, having a financial interest in the affairs of the Firm: 1) has or will ever have an affiliation with any other person or entity providing services for the development including, but not limited to, Contractor, Owner, Developer, or Appraiser; 2) has not received nor will receive any benefit from the acquisition of the subject property in this report including, but not limited to, profit from the sale of the land, rebates, commissions or fees, except as hereunder disclosed (insert if applicable).”

REHABILITATION STANDARDS CHECKLIST			
<i>Must be completed by all rehabilitation projects</i>			
Project Name:			
Date Built:			
Date of Last Rehabilitation (if applicable):			
EXTERIORS	DETAIL/CONDITION		
ROOF	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Roof Type/Pitch/Flat</i>			
<i>Number of Layers</i>			
<i>Substrate Material</i>			
<i>Fire-rated Required?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Insulation Type</i>			
<i>Insulation Thickness</i>			
<i>Estimated R-Value</i>			
SIDING	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Type/Substrate</i>			
<i>Brick (if applicable)</i>	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Is re-pointing necessary?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
EXTERIOR DOORS/FRAMES	Age (Yrs)		Type: <input type="text"/>
<i>Sliding doors?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Patio doors?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Hardware</i>	Age (Yrs)		Type: <input type="text"/>
WINDOWS	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Meet egress requirements?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
GUTTERS/DOWNSPOUTS	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Material/Type</i>			
FASCIA/SOFFITS	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Material/Type/Substrate</i>			
SIDEWALKS	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Meets ADA compliance/ramping/curb cuts?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Any areas shaved?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
PARKING LOT*	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Curb Cuts</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	

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EXTERIORS (Continued)	DETAIL/CONDITION		
<i>Spaces provided /required /grandfathered:</i>			
<i>Handicap parking provided?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Bumpers provided?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>*NOTE: Any parking lot surface with either fair and/or poor conditions shall have a civil engineer complete a survey as to the remaining lifespan. If determined, contractor shall include quantity in needs assessment to replace pavement and subsurface.</i>			
LIGHTING (Exterior)	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Tied to house panel?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
SECURITY SYSTEM	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
PATIOS/BALCONIES	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Meet current codes?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
MAINTENANCE-FREE EXTERIOR	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
STORM WATER MANAGEMENT	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<i>Date of Last Preventative Maintenance</i>
ASBESTOS PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<i>NESHAP Environmental Audit</i>
LEAD PAINT PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
MOLD PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
INTERIORS	DETAIL/CONDITION		
KITCHEN	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Cabinets</i>	Age (Yrs)		Type: <input type="text"/>
<i>Countertop</i>	Age (Yrs)		Type: <input type="text"/>
APPLIANCES			
<i>Refrigerator</i>	Age (Yrs)		Size: <input type="text"/>
<i>Frost-free?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Dishwasher</i>	Age (Yrs)		
<i>Stove</i>	Age (Yrs)		Gas <input type="checkbox"/> Electric <input type="checkbox"/> U.L. Gas Conn. <input type="checkbox"/>
<i>Garbage Disposal</i>	Age (Yrs)		HP: <input type="text"/>
<i>Exhaust Hood</i>	Age (Yrs)		Vented to Exterior <input type="checkbox"/> Recirculating <input type="checkbox"/>
<i>Washer</i>	Age (Yrs)		Stack <input type="checkbox"/> Side-by-Side <input type="checkbox"/>
<i>Drain provided?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Dryer</i>	Age (Yrs)		
<i>Vent pipe material?</i>			
<i>Adequate venting?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
BATHROOM			
<i>Bathtub</i>	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Tub Surround</i>	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>

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INTERIORS (Continued)	DETAIL/CONDITION					
<i>Anti-scald valve?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Sink/Vanity</i>	Age (Yrs)		Type:			
<i>Toilet</i>	Age (Yrs)		Type:			
<i>Water-saver?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>ADA-Compliant?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Flange Material</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Exhaust Fan</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
FLOORING						
<i>Asbestos present (in flooring or adhesive)?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Type:			
<i>Carpeting</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Type</i>						
<i>Vinyl Composition</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Type</i>						
<i>Subflooring Material</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Any existing soft spots in flooring?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Base Molding</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
WALLS	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Type</i>						
<i>Asbestos present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Mold or mildew present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
CEILINGS	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Type</i>						
<i>Textured?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
<i>Active staining present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
SMOKE DETECTORS	Age (Yrs)		Hard-wired <input type="checkbox"/>	Battery <input type="checkbox"/>		
<i>Meet current codes?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Date of last inspection:			
SPRINKLER SYSTEM	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
<i>Meet current codes?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>				
INTERIOR DOORS/FRAMES	Age (Yrs)		Type:			
<i>Hardware</i>	Age (Yrs)		Type:			
INSULATION (Inches)	Ceiling:		Walls:		Floor:	
SHELVING	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>
MINI BLINDS	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Excellent <input type="checkbox"/>

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INTERIORS (Continued)	DETAIL/CONDITION				
SYSTEMS					
<i>Are utilities paid by the tenants?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If yes, which ones?		
<i>Is there a boiler system?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Age (Yrs)		Date of last inspection:
<i>HVAC</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>HVAC Type/Electrical Connection</i>	Type:		Amps:		
<i>Meets current codes?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>			
<i>Vented to exterior?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>			
<i>Duct System</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Last cleaning date/last pressure test Date:</i>					
<i>Air Conditioning</i>	Age (Yrs)		Type:		
<i>Condensation Lines</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Water Heater</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Type and Location</i>					
<i>Pan Present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Electric Supply</i>	Age (Yrs)		Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Type</i>	GFI:		Amperage Supply:		AMP Service:
<i>ARC Fault Interrupter?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Last Inspection Date</i>					
PLUMBING					
<i>Water Supply Lines: Material _____</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Curb Stops</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Last Inspection Date:</i>					
<i>Master meter or individual meters?</i>					
<i>Shut-off Valves</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Water Meters: Up to Code?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Vent Stacks: Material _____</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
ELECTRIC					
<i>Underground Transmission Lines</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Aboveground Transmission Lines</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Meters: Last Inspected _____</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Electric Panels:</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Amps:</i>					
<i>Brand:</i>					

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INTERIORS (Continued)	DETAIL/CONDITION			
<i>Service Capacity</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>	
<i>Spare Breaker Capacity</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
<i>Site Lighting Adequate?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
ANY UNITS FINISHED BELOW GRADE?	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
ASBESTOS PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<i>NESHAP Environmental Audit:</i>	
LEAD PAINT PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Certificate available?	Yes <input type="checkbox"/> No <input type="checkbox"/>
MOLD PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
RADON TESTING?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Date of inspection:	
COMMON AREAS	DETAIL/CONDITION			
INTERIOR STAIRS			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>	
<i>Meet code requirements?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
<i>Handrail Height Continuous?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Meet ADA?	Yes <input type="checkbox"/> No <input type="checkbox"/>
COMMON HALLWAY (Interior)	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>	
<i>Fire Protection?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Last Inspection Date:	
<i>Adequate Lighting?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
<i>Walls</i>			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>	
ELEVATORS	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>	
<i>Date of Last Inspection</i>				
Meet ADA Requirements?	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
LAUNDRY ROOM	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>	
<i>Heated/Cooled?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
<i>ADA Accessible?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
<i>ADA Machines Available?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
COMMUNITY ROOM	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>	
<i>Size (Square Footage):</i>				
<i>ADA Accessible?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
UTILITY CONTRACTS				
<i>Cable Contract</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Provider:	
<i>Other Utility Contracts?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Provider(s):	
DOORS/FRAMES (Exterior)	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>	
<i>Type:</i>				
FOUNDATION, CRAWL, & BASEMENT	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>	
<i>Standing water present?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>		

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COMMON AREAS (Continued)	DETAIL/CONDITION		
<i>Any foundation vents located below grade?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Access to foundation, crawl, or basement?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
ASBESTOS PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NESHAP Environmental Audit: <input type="checkbox"/>
LEAD PAINT PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Certificate available? Yes <input type="checkbox"/> No <input type="checkbox"/>
MOLD PRESENT?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
MAILBOXES	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Type:</i>			
<i>Parcel boxes provided?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>On Accessible Route?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
PLAYGROUND EQUIPMENT	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Type:</i>			
<i>Meets Safety Guidelines?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Lighting?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Is Playground on Accessible Route?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
SWIMMING POOL	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
FENCING	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Type, Material, and Height</i>			
<i>Perimeter/Partial?</i>			
DUMPSTERS			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Locations:</i>			
<i>Are gates required by municipality?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>ADA Accessible?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Number:</i>	Existing:		Proposed: <input type="checkbox"/>
PROJECT SIGN	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Lighted?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Sign to be Replaced?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>ADA/Fair Housing Logos?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
OTHER			
<i>Support Beams Material</i>			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Joists</i>			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>Overhang provided?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Soffit ventilation provided per code?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Piers/Columns/Porches</i>	Age (Yrs)		Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
<i>HVAC, Adequate Venting?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Last Inspection Date: <input type="checkbox"/>

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COMMON AREAS (Continued)	DETAIL/CONDITION		
<i>Common Entries?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Supply/Drain Pipes</i>			Poor <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
GENERAL	DETAIL/CONDITION		
MINIMUM SQUARE FOOTAGE	(If units are to be converted)		
<i>One-Bedroom Units (Min. 700 sq. ft.)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Two-Bedroom Units (Min. 850 sq. ft.)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Three-bedroom Units (Min. 1,050 sq. ft.)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Site Office?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Total Size (sq. ft.):</i>			
<i>ADA Compliant?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Maintenance Shop?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
<i>Total Size (sq. ft.):</i>			
<i>ADA Compliant?</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
LOCATION ON ADA-COMPLIANT ROUTE?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
FIRE HISTORY OF PROPERTY:			
REHABILITATION STANDARDS CHECKLIST ADDITIONAL PROJECT NOTES/COMMENTS			

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DSHA - Life Expectancy (Years of Different Products/Items/Materials)

NOTE: Items that are beyond 50% of life expectancy shall be replaced. DSHA reserves the right to add/delete any item to the required rehabilitation.

Item	Life Expectancy (Years)	Item	Life Expectancy (Years)
APPLIANCES		FINISHES	
• Disposal	5	• Exterior paint, plaster, stucco	3-5
• Microwave ovens	5	• Interior, wall paint	3-5
• Ranges, free-standing/built-in, electric/gas	12	• Interior, door/trim paint	5-10
• Refrigerators, Standard	10	FLOORS	
BATHROOMS		• Vinyl sheet or tile	10
• Cast iron bathtub, resurface	25	• Carpeting	5
• Fiberglass bathtub and shower	10	HEATING, VENTILATION, AND AIR CONDITIONING	
• Shower doors (average quality)	5	• Air conditioning, central unit	10
• Toilet	10	• Air conditioning, window unit	5
CABINETRY		• A/C compressor	5-7
• Kitchen cabinets	10	• Rooftop air conditioners	10
• Medicine cabinets/bath vanities	10	• Furnaces, gas or oil fired	15
COUNTERTOPS		• Forced air furnaces, heat pump	10
• Laminate	10	• Unit heaters, gas or electric	10
DOORS		• Radiant heaters	10
• Screen	10	• Ductwork, plastic	15
• Interior, six-panel, Masonite	15	• Air terminals, diffusers, grilles, registers	15
• Exterior, unprotected/exposed	15	• Boilers, hot water, steam	15
• Exterior door trim	5-10		

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Item	Life Expectancy (Years)
PLUMBING FIXTURES/PIPING	

- Sinks, enamel, steel 5-10
- Sinks, stainless 10
- Faucets, low quality 5
- Water heater, electric 10
- Water heater, gas 11
- Pumps, sump and well 10

ROOFING	
----------------	--

- Asphalt, wood shingles, and shakes 20
- Built-up roofing, asphalt 10
- Coal and tar 10

SAFETY	
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- Sprinkler Systems 12
- Smoke detectors, battery, hardwire 10

Item	Life Expectancy (Years)
SHUTTERS	

- Plastic, vinyl, exterior 7-8

SIDING	
---------------	--

- Wood, T1-11 10
- Aluminum 20
- Vinyl 25
- Gutters, downspouts 20

WINDOWS	
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- Wood casement 20
- Wood, single, double hung 15
- Aluminum casement 10
- Window screens 5

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DSHA – CNA ENVIRONMENTAL DUE DILIGENCE CHECKLIST			
<i>Must be completed by all rehabilitation projects</i>			
Project Name:	Percentage of Units Inspected: _____%		
Date:	Percentage of Site Walked and Observed: _____%		
Completed by:	Original Construction Date: _____		
Environmental Risks	Observed	Possible	Not Observed
Asbestos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asbestos Containing Materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lead Paint	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Underground Storage Tanks, Lines and Vents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Above Ground Chemical Storage or Products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Visible Soil Discoloration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buried Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PCB Transformers or Light Ballast	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Surface Water Discharge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sensitive Adjacent Properties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Contaminated Adjacent Properties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Air Emissions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wetlands Areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sanitary Sewer Failure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
On-lot Septic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private Water Supply	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Surface Impoundment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Excessive Noise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foul Odors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
French Drain or Disposal Pit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unsafe Material Management Practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pipe Leaks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Radon Gas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sink Holes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Steep Slopes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poor Drainage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ponds or Streams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Delaware State Housing Authority Relocation Assistance Policy

For all developments financed with federal HOME, other federal funds, DSHA funds, or Low Income Housing Tax Credits (LIHTC) that will result in displacement or temporary displacement, the applicant/developer must comply fully with all the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).

HUD Handbook 1378: Tenant Assistance Relocation and Real Property Acquisition is available through the HUD Website www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/13780

This handbook explains all of the requirements of the URA. Although the LIHTC program is not considered Federal financial assistance, DSHA has elected to adopt the URA as a relocation assistance policy for Tax Credit and/or DSHA-financed properties that result in temporary or permanent displacement.

The URA was last updated effective February 5, 2005. For a complete review of the final rule, please refer to the following: www.gpo.gov/fdsys/pkg/FR-2005-01-04/pdf/05-6.pdf

In accordance with DSHA's QAP, Developers may not displace residents for over-income purposes and DSHA strongly discourages proposals that will result in permanent displacement.

If the URA regulations are not followed, DSHA reserves the right upon final allocation of credits to decrease the cost certified relocation line item. This may result in a decrease in other DSHA funding.

Notice Requirements and Examples

Attached are some examples of notice letters that must be sent for developments with existing residents that may have temporary or permanent displacement. There are three (3) required notices:

- A. The first letter - **Attachment 1- (Notice to Residential Resident that they will not be Displaced)** must be sent when there is a contract of sale or prior to LIHTC application.

The first letter informs any current/potential resident of the fact that the property is under an option to a buyer who is applying for DSHA assistance and lets the resident know that if an application is approved the current/potential resident may be displaced. The notice also informs the current/potential resident that they may not qualify as a displaced person and therefore, is not eligible to receive any assistance or benefits described in the relocation policy. The Applicant/Developer must notify DSHA and send a copy of this letter and a listing of residents notified to DSHA when the letter is sent to current/potential residents.

- B. The second letter **Attachment 2- (Notice of Eligibility for Relocation Assistance Residential Resident)** must be sent after acquisition of the property.

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The second letter notice is to be sent when the property has been acquired. This letter (a) explains that the development was purchased and cautions the person not to move; (b) explains that the person will not be displaced; (c) explains what is to occur when the resident is temporarily displaced (i.e. approximately how long should they expect to be displaced from their current unit, how will the Applicant/Developer accommodate them with replacement housing while they are displaced, how will the Applicant assist them with any moving costs they incur from their temporary move); and, (d) explains that they will be able to move back into their unit. The Applicant/Developer must notify DSHA and send a copy of this letter, along with a list of notified residents, to DSHA when the letter is sent to current/potential residents.

- C. The third letter **Attachment 4 - (Notice to Prospective Residents)** is for prospective residents that may move into the development before the property is acquired.

This third notice informs prospective applicants that move into the development prior to the new acquisition that they may not be entitled to relocation assistance.

NOTE: Attachments 1 and 2 have letters applicable to Section 8/USDA and Non-Section 8 residents.

Temporary Relocation Plan and Budget – Exhibit to LIHTC Application

The following documents and process must be provided as an Exhibit to the LIHTC/DSHA Funding application or shall be followed for Relocation.

- A. Submit a list of all current occupants including their name (for families, you need only list the name of the head of household and family size), unit/building address, and annual income after acquisition of the property.
- B. A detailed relocation plan describing the manner in which the temporary displacement of residents will be handled. The relocation plan must be updated prior to initial closing.
- C. A comparison of the current rents being charged and the proposed rents for the project must be submitted to DSHA with the relocation plan. Also, for all relocation units, comparable rents must also be submitted. For comparables, the Applicant/Developer is required to assist the occupant in locating **decent, safe and sanitary housing**, (hereafter referred to as DSS, as determined by local housing codes) and must use **at least three (3) suitable, DSS replacement units as comparables**. For Section 8 developments, please note, residents cannot be relocated to units that are smaller than the units on the Housing Assistance Payment contract. For example, a single person in a three (3)-bedroom unit at a development with only three (3) and four (4)-bedroom units must be relocated to a unit with a comparable number of bedrooms.
- D. Submit a relocation cost budget with all project relocation expenses.
- E. Documentation of preliminary income certifications for residents residing in occupied units demonstrating that they are tax credit income eligible or a certified letter from said residents indicating their willingness to be relocated is required for units that will be counted as tax credit eligible. Verifications/certifications of current resident's income must be included with the application.

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- F. Upon permanent closing, the Applicant/Developer must provide DSHA with a final list of all residents occupying the property (due within thirty (30) days after closing). If this list differs from the list that was originally submitted after acquisition (Refer to number 1 above), the Applicant/Developer must explain why the resident is no longer an occupant. Please be prepared to submit evidence that the resident(s) moved on their own accord and not for reasons related to DSHA program rules (i.e. income limitations).

Reimbursement Process

- A. As part of DSHA's mortgagor's draw process, a monthly **RELOCATION REIMBURSEMENT FORM** will be completed with each draw (see **Attachment 5**). Relocation costs must be drawn on a monthly basis and must include all back-up documentation. If funds are available in operations, start-up relocation costs can be paid from operations and then reimbursed from construction proceeds; however, relocation is not an operational expense unless otherwise approved in writing by DSHA.
- B. No advance payment of rents for relocation units will be allowed. All relocation units must be occupied within ninety (90) days of draw request. Payments for holding unoccupied relocation units for more than ninety (90) days will not be recognized as an eligible project cost by DSHA. Applicants may not receive reimbursement of relocation costs from more than two (2) sources (i.e., construction funds and/or Housing Assistance Payments). Any subsidized properties that require relocations can only request the difference between the subsidy rent and the off-site's rent (which may be positive or negative) and other relocation costs, unless otherwise approved by HUD or USDA. The relocation line item shall include expenses charged by the management firm or other approved entity for relocation. This fee cannot be charged to the development's operating funds.

As a useful guide, DSHA recommends that the Applicant/Developer follow DSHA's recommended **Relocation Procedures** found in **Attachment 6**.

Permanent Relocation

Developments that experience permanent displacements for any reason must follow all URA requirements.

Attachment 1 (Section 8/USDA Multi-family)

NOTICE TO RESIDENTIAL RESIDENT THAT THEY WILL NOT BE DISPLACED

[Applicant Letterhead]

Dear Resident,

_____ has submitted an application to the Delaware State Housing Authority to rehabilitate the building that you occupy. If the application is approved, you will benefit from the substantial renovations that will take place. You may be relocated during these renovations. We urge you not to move anywhere at this time. This is not a notice to vacate the premises.

This is a Notice of Non-Displacement. You will not be required to move permanently as a result of the rehabilitation. This Notice guarantees you the following:

You will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/Development upon completion of the rehabilitation. Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the gross income of all adult members of your household. Of course, you must comply with the reasonable terms and conditions of your lease.

If you must move temporarily so that the repairs/rehabilitation can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe, and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because Federal and/or State assistance is involved, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, protects you.

If you have any questions, please contact _____ at _____. Remember do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,

Attachment 2 (Non-Section 8)

**NOTICE OF ELIGIBILITY FOR RELOCATION ASSISTANCE
RESIDENTIAL RESIDENT**

[Applicant Letterhead]

Dear Resident:

_____ has been approved to rehabilitate the building that you occupy at _____.

This notice is to inform you that while the building is rehabilitated, you may be displaced. We urge you **not to move** anywhere at this time. This is **not** a notice to vacate the premises. We will be setting up interviews to start the qualification process beginning _____. You will be contacted either by phone or by mail to schedule your interview.

If you meet the criteria to qualify for a unit, you will be able to lease and occupy your present apartment or one comparable upon completion of the rehabilitation. The criteria to qualify for a unit include background checks on all adult household members. Of course, you must comply with standard lease terms and conditions.

If you meet the qualifications, after the rehabilitation your initial rent, including the estimated average utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30% of your average monthly gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs. You can be assured that we will make every effort to accommodate your needs. Because a portion of the financing is from state or federal and/or state funding sources, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you do not meet the qualifications to remain as a tenant you should continue to pay your rent because a failure to pay rent or meet your other obligations as a tenant may be cause for eviction and loss of relocation assistance. You are urged not to move or sign any agreement to purchase or lease a new unit before receiving formal notice of your eligibility for relocation assistance. If you move or are evicted before receiving such notice, you may not receive any assistance. Please contact us before making any moving plans.

If you are eligible for relocation assistance, you will be given advisory services, including referrals to replacement housing, and at least ninety (90) days advance written notice of the date you will be required to move. You would also receive a payment for moving expenses and may be eligible for financial assistance to help you rent or buy a replacement house.

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No current resident or residents of _____ will be permanently displaced on the basis of failing to meet income eligibility requirements unless the resident(s) consents to permanent displacement. The resident(s) may consent to permanent displacement contingent upon receiving relocation assistance approved by the Delaware State Housing Authority.

Enclosed with this letter is what you will need to bring with you to your interview. If you should have any questions about our plans, please contact _____.

Sincerely,

Attachment 3

**SECOND NOTICE OF ELIGIBILITY FOR RELOCATION ASSISTANCE
RESIDENTIAL RESIDENT**

[Applicant Letterhead]

Dear Resident:

On _____ we notified you that the owner of your building had applied for assistance to make extensive repairs to the building. On _____, the owner's request was approved and the repairs will begin soon.

This is a Notice of Non-Displacement. You will not be required to move permanently as a result of the rehabilitation. This Notice guarantees you the following:

1. You will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/Development upon completion of the rehabilitation. Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the gross income of all adult members of your household. Of course, you must comply with the reasonable terms and conditions of your lease;
2. If you must move temporarily so that the repairs/rehabilitation can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily-occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly-rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because Federal and/or State assistance is involved, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, protects you.

If you have any questions, please contact _____, _____, at _____ . Remember do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,

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Attachment 4

NOTICE TO PROSPECTIVE RESIDENTS

[Applicant Letterhead]

Dear _____:

On _____ (date), I _____ (property owner or buyer) entered into an option to sell/acquire the property/unit you now propose to occupy. As part of my agreement to sell/acquire, I am to advise you of the following:

An application has been or will be submitted to the Delaware State Housing Authority (DSHA) for Low Income Housing Tax Credits to be used on the property you now propose to occupy. This notice is to advise that financial assistance available under a Relocation Assistance Policy is only for tenants that occupy units at this site at the time of the option to sell and **will not** be made available to you.

This notice is to inform you of the following information **before you enter into any lease agreement and occupy a unit at the above address:**

- You may be displaced from the property;
- You may be required to relocate temporarily; and.
- You may be subject to a rent increase.

You will not be entitled to any relocation benefits provided under DSHA's Relocation Assistance Policy. If you have to move, or your rent is increased as a result of the above option/agreement, you will not be reimbursed for any such rent increase or for any costs or expenses incurred by you in connection with the move.

Please read this notice carefully prior to signing a lease agreement and moving into this property. If you should have any questions about this notice, please contact:

(Seller/Buyer)

(Address/telephone number)

Once you have read and understood this notice, please sign the statement below if you still desire to lease the unit.

Sincerely,

Owner

I have read the Notice to Prospective Residents and understand the conditions under which I am moving into this property.

Print Name

Signature

Date

Attachment 6

DELAWARE STATE HOUSING AUTHORITY

Relocation Procedures

Preliminary

1. A rent roll should be obtained to locate vacancies and current tenant information.
2. Draft first notice of displacement letter informing residents of the potential acquisition and relocation assistance and send to DSHA for approval (URA Handbook, Pgs. 2-3, 2-4, & 2-5).
3. Send residents the displacement notice letter by **certified mailing**. Copy all certified mailings for reimbursement.
4. Organize resident meeting to introduce new management company and/or explain relocation and answer questions.
5. Obtain bids from moving companies.
6. Locate available units off-site (if needed) to use for the duration of the relocation (for those residents that will be moved off-site). The lease and security deposits should be in management's name/limited partner's name.
7. Draft second notice of displacement letter after the acquisition is complete. The letter may also inform residents of a date new management will be on site and informing them of an interview that will be scheduled. Also, mention the relocation assistance available and send to DSHA for approval.
8. If relocation will be completed on-site, may begin not re-renting units as units become vacant through normal attrition.
9. Send residents second notice of displacement letter by **certified mailing**. Copy all certified mailings for reimbursement.
10. Set up vendor accounts (bank, post office, office supply, etc.).
11. Locate "comparable replacement dwellings" for residents who do not want to stay or volunteer to move off-site during the relocation. A comparable replacement dwelling performs the same function, provides the same utility, and has a comparable style of living (URA Handbook, Pg. 1-7, 2-7 & 2-8).
12. Create a relocation folder for each resident keeping all relocation correspondence including a "Site Occupant Record" in file (URA Handbook, Appendix 8).
13. Prior to relocating the resident, all relocation units, for developments that are receiving Housing Assistance Payments (HAP), must be inspected by DSHA Contract Administrator.

Once on Site

1. Set up interviews with all residents for eligibility, have vendor accounts in place. File in JP Court on any delinquent residents. Any evicted residents are not entitled to relocation assistance (URA Handbook, Pg. 1-14).

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2. Upon interviews, residents should complete a new application and be explained the relocation process again. All tenant screening must be completed. When applicable, criminal background checks should be completed on all adult residents and if denied, the resident **is** entitled to relocation assistance (URA Handbook Pg. 1-12). (Note: criminal background checks should not be completed for existing Section 8 project-based residents).
3. Moving supplies should be provided to residents upon requests. (boxes, bubble wrap, tape, etc.).
NOTE: Tenants are not required to pack or box their belongings unless they elect to move themselves.

NOTE: Residents may choose to move themselves and are still entitled to the moving estimate (URA Handbook, Pg. 2-12).
4. When turning over a building or unit for construction, terminate all utilities in management's name.
5. A "property" moving report and relocation expense report should be maintained. The reports should include date moved, location of move, and all moving expenses.
6. When issuing checks for reimbursement to residents, residents must sign acknowledgment of any money received.
7. Copies of all moving bills, utility bills (reconnect fees) and reimbursement checks should be maintained for each resident for reimbursement from construction. Send DSHA a "Claim for Actual Reasonable Moving and Related Expenses" form with all backup for each resident (URA Handbook, Appendix 16).

Residents Requiring Permanent Relocation Assistance

Residents who choose to permanently move or are not eligible due to criminal backgrounds.

1. Determine if resident is eligible (URA Handbook, Pg. 1-11).
2. Referrals to replacement dwellings must be provided to the resident (URA Handbook, Pg. 1-7 & 2-9).
3. Issue resident letter of "Eligibility for Relocation Assistance-Resident" at least ninety (90) days in advance of their **permanent** relocation (URA Handbook, Pg. 2-5 and Appendix 6).
4. Issue relocation assistance payment with the payment required by the formula provided on Pg. 3-10 of the URA Handbook. An eligible displaced person who rents a replacement dwelling for more than their current monthly rent is entitled to a payment equal to 42 times the difference in the new monthly rent. Example: The resident finds a replacement dwelling of \$500 monthly with comparable utilities and their current dwelling rent is \$450 monthly. The resident is due the difference of $\$50 \times 42 = \$2,100$ for relocation assistance in addition to moving expenses and transfer fees. Tenant must sign acknowledgment for reimbursement.
NOTE: If utilities are not comparable, the difference is subject to the same formula.
5. If resident does not want relocation assistance, have the resident sign a waiver (URA Handbook Pg. 1-25).