

2012
Qualified Allocation Plan (QAP)
(Changes from 2011)

Application Package for Low Income Housing Tax Credits

COVER SHEET

Net Available tax credit amount changed to estimated \$ 1,928,837.

Timetable changes:

The following dates were changed/added:

- 02/03/12 - Deadline for pre-inspection written notification if applying for 2010 rehabilitation credits.
- **04/13/12 - Application due date.**
- 06/20/12 - DSHA will notify sponsors of their preliminary ranking in accordance with the QAP and designated set asides outlined in the application package.
- 10/17/12 - Commitments for all financing must be submitted to DSHA.
- DSHA will make Tax Credit reservations for selected projects 30-60 days after financing commitments are received by DSHA.
- 12/15/12 - Deadline for pre-closing documents for HDF-financed projects.
- On or before 12/15/12 - DSHA will allocate Credits to selected projects.

2012 QUALIFIED ALLOCATION PLAN

Cover page

Dates changed and estimated tax credit amounts.

Pages 2-3

Table of contents pages were revised. Added Cure Period and Clarified that Minimum Construction Requirements are a Threshold. Removed Part I, II, and III LIHTC and replaced with a Written Copy of DSHA's LIHTC Web-based Application.

Page 5

Added the HERA Act temporarily fixed 9% applicable federal rate and will revert to the monthly published rate for all projects that place in service after December 30, 2013.

Page 17-18

- Changed dates and net available credits to approximate amount of \$1,928,837
- Clarified that Applicants tax credit requests should not exceed 10% over the approximate amount available in each pool.
- **Non-Profit Pool** – Modified pool amount to \$252,500
- **Preservation Rehabilitation Pool** - Modified definition and changed pool amount to \$826,337

- Further defined Preservation that properties that were placed in service on or before December 31, 1990 – would receive 2 points;
- Clarified that demolition/new construction of subsidized units were included under the definition of Subsidized.
- Clarified Preservation projects must meet the definition of substantial rehabilitation or that imminent expiration of affordability controls within two (2) years “of application submission”.

Page 20

- **New Housing Creation Pool** - pool amount is \$600,000.
- Clarified the New Housing Creation pool and what types of properties meet the definition of either conversion or new construction.
- Clarified all projects that meet the definition of New Housing Creation shall be non-elderly unless 50% of elderly units are subsidized.

Page 22

- Added a clarification to the opening sentence to make sure all applicants are responsible for meeting all applicable terms and definitions in the application submitted.
- Conversion definition was clarified/corrected to include non-residential use to residential use, completely vacant and/or abandoned structures.

Page 24

- Consultant definition was modified to remove the 25% developer fee requirement and additional language was added for the consultant agreement terms, roles and other conditions.
- **Developer Fee** – the limits were raised to 12% and 9% for identity of interest developers, the maximum fee amount of \$1,000,000 did not change, except when a rental subsidy reserve is established from additional deferred developer fee to serve Extremely Low Income residents. The contingency additional developer fee was removed. Clarified that relocation operating deficit reserves was also a cost that must be deducted when calculating the developer fee.
- **Development Team** – Added general contractors as part of the Development Team (when general contractor is chosen at application).
- **Eligible State Basis Boost** – added that eligible basis boost could be used for assisting extremely low income households.
- **Eligible Basis Limitations** – updated amounts as of 1/1/11.

Page 26-30

- **New Housing Creation** – updated definition to include HOPE VI or Choice Neighborhood applications.
- **Preservation/Rehabilitation** – Revised definition page to match preservation pool definitions.
- **Social Services** – Removed frequency of social services to be provided in every calendar quarter for a total of 8 hours per year per service representing 24 hours total if 3 services are provided. Revised the description of narrative to: the services to be provided Applicants must submit a narrative describing the services to be provided, a curriculum for any classes, description of why the services are appropriate for the population, how the services will be publicized and marketed, and expected outcomes and benefits. The services must be distinct to qualify for the points – for example a series of financial literacy classes, even on different topics such as budgeting or housing counseling, would count as one financial literacy class. The services can be provided on-site or off-site. If services are provided off-site, a memorandum of understanding (MOU) with the off-site service

provider (i.e., senior center, service center, etc) must be submitted with the application. The MOU must stipulate a transportation plan for regularly scheduled trips to the facility and classes, a schedule of classes, attendance proof and record keeping, as well as the narrative described above. Clarified that applicants can propose social services in writing for approval prior to application deadline.

- **Substandard Housing** – Revised definition to include public housing. Clarified that subsidized housing includes, demolition/new construction of subsidized units are eligible as subsidized housing, if the subsidy contract remains intact, and at least 75% of the subsidized units are to be replaced and meet the substantial rehabilitation threshold.
- **Substantial Rehabilitation** – added that HUD public housing program qualifies for substantial rehabilitation for projects that are removing units for accessibility purposes or adding a community center, at least 75% of the original unit configuration must be maintained.

Page 31

- **DSHA Threshold Requirements** – added that all applicants must meet all applicable definitions and terms within the QAP and related documents for threshold purposes.

Page 33

- **Local and Community Notice** – Removed requirement from threshold requirements and notice requirements.

Page 36

- **Minimum Construction Requirements** – Revised from paragraph requirement under Financial Feasibility and moved requirement to number 11 for threshold requirements.

Page 37

- **Minimum Point Score** – due to additional ranking categories, the minimum score was revised to 70 points.

Page 38-39

- **Increase in Compliance Period** – Increased points to six and provided owner to chose compliance periods and no opt-out periods during the extended use period in an effort to maintain affordability for as long as possible.
- **Developments Serving the Lowest Income Tenants – Revised Balanced Income Targeting** - the ranking categories of Additional New Units for Families in Poverty, Market Rate/Mixed Income and Developments Serving the Lowest Income Tenants have been combined in an effort to target multiple income levels at lower incomes. A maximum of 20 points at multiple income levels is permitted.
- **Per Unit Cost Reductions** – Revised calculation based on new HUD 221(d)(3) limits effective 01/01/11 and clarified are limits utilized under the HOME program.

Page 41

- **Leveraging of Non-DSHA Administered Resources** – clarified ranking category and definition of what funds consist of leveraging of permanent funding sources. Increased the points to 20 and added new percentages levels for leveraging.

Page 42

- **Promoting Balanced Housing Opportunities** – Added new ranking category for developments that are located in non-impacted areas of the state which contain little or no affordable housing. A link to the applicable maps was made available.
- **Preservation** – Defined further the placed in service year for two points – on or before December 31, 1990.
- **Rural Development – USDA/Other Federal Rental Subsidy** – Clarified that demolition/new construction units that have not been in service for at least one year are also eligible for the points in this category (i.e. Section 811, public housing).

Page 43

- **Extremely Low Income** – Added a new category to encourage developments to provide a owner-financed rental subsidy for new units (subsidized developments are not eligible).

Page 44

- **Capacity of Development and Management Team** – Revised language that if a consultant's experience is being utilized to qualify for points, a signed agreement and/or contract must be included in the application.

Page 45

- **Provision of Social Services** – Removed frequency of social services to be provided every calendar quarter for a total of 8 hours per year per service representing 24 hours total if 3 services are provided. Revised the description of narrative to: the services to be provided Applicants must submit a narrative describing the services to be provided, a curriculum for any classes, description of why the services are appropriate for the population, how the services will be publicized and marketed, and expected outcomes and benefits. The services must be distinct to qualify for the points – for example a series of financial literacy classes, even on different topics such as budgeting or housing counseling, would count as one financial literacy class. The services can be provided on-site or off-site. If services are provided off-site, a memorandum of understanding (MOU) with the off-site service provider (i.e., senior center, service center, etc) must be submitted with the application. The MOU must stipulate a transportation plan for regularly scheduled trips to the facility and classes, a schedule of classes, attendance proof and record keeping, as well as the narrative described above. Clarified that applicants can propose social services in writing for approval prior to application deadline.

Page 46

- **Sites and Neighborhood Standards** – Removed Access to Transit portion of category and reduced points to 12. Clarified the Access to Service radius for each county.

Page 47-48

- **Access to Transit** – Created new category up to 5 points for developments that include amenities and facilities to accommodate current, planned or possible fixed route transit service. To be successful in the category, developers are strongly encouraged to consult with Delaware Transit Corporation through an executed MOA for Transit Friendly, Transit Accessible and Transit Ready areas that are developed for the development. A link to access Transit maps are made available.

Page 49-50

- **Development and Unit Amenities** – Additional examples were added and clarified.

Page 51

- **Community Outreach** – The notice points were removed and the points reduced to 2 for developments that hold a community meeting within sixty days of application.

Page 53

- **Application Process** - LIHTC application due date changed to April 13, 2012. Reduced the number of applications to one complete LIHTC Web-Based written copy with original signatures and one electronic CD application.

Page 54

- **Cure Period** – added a new 48 hour cure period from the time of DSHA notification to cure defects with their application and added policy requirements.

Page 55

- **Freedom of Information** – revised and updated per recent State law and DSHA policy and added an e-mail contact for requests.

Page 56-57

- **Review and Selection Process** - Clarified that the cost certification penalty fee cannot be paid from project operations.
- Clarified how unused credits and return credits are re-allocated due to a withdrawal or disqualification of a higher ranked project and provided language for new timetable new allocated projects.

Page 59

- **Placed- in-service date** - Revised dates for meeting the 10% test as an eligibility requirement for 2012 LIHTC applications. Changed 2011 dates to read as “2012”. Changed the word reservation to allocation. Clarified the 10% test date language.
- Added the HERA Act temporarily fixed 9% applicable federal rate and will revert to the monthly published rate for all projects that place in service after December 30, 2013.

Page 62

- **Compliance Monitoring Procedures** – added that owners cannot refuse to rent to any State of Delaware rental assistance program.
- Revised the contact person from Alice Davis to Tricia Conley.

Page 69

- **Program Approval** - Changed approval date, newspaper ad dates, public hearing date and location.

Page 71

- Revised the minimum points to 70 for tax-exempt bond projects.

ATTACHMENTS TO THE QUALIFIED ALLOCATION PLAN

The Attachments to the QAP were re-formatted for efficiency and improved arrangement.

Page 3

- Added new General Requirements and Overhead and Profit criteria for General Contractors selected at application or selected after allocation.
- Revised Developer Fee amounts as defined in the QAP. Removed the additional Developer Fee contingency calculation.

Page 4

- **Equity Factor** – set at 85 cents net.
- Added the HERA Act temporarily fixed 9% applicable federal rate that will revert to the monthly published rate for all projects that place in service after December 30, 2013.

Page 5

- **Operating Expense Per Unit** – Revised per unit range.

Page 7

- **Difficult Development Areas** – Removed Sussex County as a DDA.

Page 9

- Revised page to include Promoting Fair Housing Choices, Access to Transit State Strategies for Policies and Spending maps and links to DSHA website.

Page 10

- **Eligible Basis Limits** - Changed to reflect 2010 HUD 221(d) (3) limits (most current).

Page 11-20

The Exhibit/Attachment checklist was revised and the order of Exhibits was changed to reflect the order of the QAP, from threshold requirements, ranking items, construction information and financing information. New Exhibits were also added to reflect new requirements.

Page 11

- **One complete copy of the LIHTC Web-based application must appear as the first part of the written application.**
- **Exhibit 4 – Joint Venture or Consultant Agreement** – Clarified that Consultant Agreement should be included in this Exhibit.
- **Exhibit 8** – Clarified that audited Financial Statements for each Developer and/or General Partner are required.

Page 12

- **Exhibit 9 – Resumes of Development** – Should include the General Contractor, if chosen at application. If a joint venture general contractor, joint venture agreement must be included.
- **Exhibit 13 – Local Community Notice** – Exhibit was removed.

Page 14

- **Exhibit 19 – Increase in Compliance Period** – Documentation of compliance and non-opt out period during extended use period.
- **Exhibit 21 – Development Serving Lowest Income** – Documentation of resident income levels chosen.
- **Exhibit 23 – Fair Housing and ADA units** – Exhibit was separated from Amenities and Energy.
- **Exhibit 26 – Details of Leveraging** – Removed if claiming points for leveraging additional net equity, a detailed commitment letter must be submitted as the definition of leverage of permanent sources was revised.
- **Exhibit 27 – Promoting Fair Housing Opportunities** - Documentation of address of property and 2010 census tract number. DSHA will make final determination if property is located in a non-impacted area.
- **Exhibit 29 – Preservation/Rehabilitation** - Revised exhibit documentation to match definition.

Page 15

- **Exhibit 33 – Social Services** – Revised exhibit documentation to match definition.

Page 16

- **Exhibit 34 – Access to Transit** – Documentation for new ranking category including a Memorandum of Agreement between the owner/sponsor and Delaware Transit Corporation (DTC) that includes all improvements, amenities, accommodations to be made, cost of improvements and responsibilities agreed upon by DTC. All information and documentation required under the QAP for Transit Friendly, Transit Accessible and Transit Ready.
- **Exhibit 35 and 36 – Amenities and Energy Efficiencies** - Exhibits were separated from Fair Housing and ADA Units into separate Exhibits.
- **Exhibit 38 – Community Outreach** – Notification exhibits were removed.

Page 17

- **Exhibit 40 – Improvements** - Re-assigned Rehabilitation Checklist and Environmental Checklists to this Exhibit.
- **Exhibit 49 - Details of Debt Financing** - changed due date for financing commitments to 10/17/12. Clarified that sponsors must provided letters that construction and permanent requests were made.

Page 18

- **Exhibit 51 - Details of Equity Financing** – Removed if claiming points for leveraging additional net equity, a detailed commitment letter must be submitted as the definition of leverage of permanent sources was revised.
- **Post Documents** – noted documents that will be required after an allocation is made, but will not be included as Exhibits to the application.

Page 20-22

- **Market Study Guidelines** – Added new certification for market study analyst.

Page 23-35

- **Attachment 10 – Minimum Construction Requirements** – Document was reformatted for easy reference.
- **Page 23-26 – Definitions of State and Federal Standards** – A useful list of State and Federal design standards and/or building codes to determine which standards shall apply to their development.

Page 26-28

- **General Requirements** – Energy, and Architect Certification – No changes were made.
- **General Contractor Requirements** – Revised requirements for General Contractors who chose between two options for bidding process either at application or after allocation.
- **Site Control** – Project Identification – construction signage is now required.

Page 28

- **Landscaping** – Clarified that condenser units must be provided with poured concrete pads.
- **Common Areas** – Revised to include install concrete filled bollards to protect walls of enclosure.

Page 33-35

- **Appliances** - Clarified that ovens should utilize U.L. listed code compliant connectors for gas stoves. No glass cooktops allowed.
- **Plumbing** - Existing sanitary lines shall be video traced to determine viability for the rehabilitation.
- **Fire Suppression** – Clarified sprinklers systems are required, however, scattered sites will be determined on a case by case basis.

Page 36-42

- **Rehabilitation Checklist** – reformatted

Page 43

- **Environmental Checklist** – reformatted

Page 44

- **Energy Efficiency Table** – Reformatted, removed sample chart.

2010 LIHTC APPLICATION Part I,II and III Removed – Use LIHTC Web-based application

POINTS WORKSHEET

- Revised/added new Compliance Period, Developments Serving Lowest Incomes, Leveraging, Promoting Fair Housing Opportunities, Access to Transit Revised points for Community Outreach Clarified total possible points are now 147.

2011 HOUSING DEVELOPMENT FUND SUPPLEMENT

Page 6

- Minimum Eligibility Requirements - Revised Note 5 - DSHA will limit its total deferred permanent financing to \$2.75 million or \$45,000 per unit whichever is less.

Page 7

- Application Process – Revised equity raised for targeting lower income to reflect (except when a rental subsidy reserve is established from additional deferred developer fee basis to serve Extremely Low Income residents).

Page 8

- Revised Developer Fee to match QAP definition.
- Revised Total Equity Contribution to reflect at permanent closing.

Page 9

- Removed Contingency developer fee language.

Page 10-11

Revised General Contractor Options available for bidding process to match QAP.