

2018-2019 QAP UPDATE

Indiana Housing Conference

**Indiana Housing Conference
August 16, 2017**

SESSION OVERVIEW

- Revision Process Recap
- Set-Aside Categories
- Threshold Requirements
- Evaluation Factors
- HOME & Development Fund
- Bonds
- Miscellaneous & Reminders
- Presentation Part II: A Discussion with Tax Credit Developers about the new QAP



REVISION PROCES RECAP

- Release of 2016-2017 QAP
- One-on-one meetings with development partners in April & May
- QAP 1st Draft, Public Hearing, and 2 week Comment Period
- QAP 2nd Draft, Public Hearing, and 2 week Comment Period
- Final QAP presented at the July 27, 2017 Board Meeting
- Approval by Governor Holcomb
- The process is truly a team effort

SET-ASIDE CATEGORIES

- Community Integration
- Work Force Housing
- General Set-Aside – announced each year
- Elderly - removed

% of Available RHTCs	Set Aside Category
10%	Qualified Not-for-profit
10%	Stellar Community Designation
10%	Community Integration
10%	Large City
10%	Small City
10%	Rural
10%	Preservation
10%	Workforce Housing
10%	Housing First
10%	General

THRESHOLD REQUIREMENTS

- Removed LUG notification, but Form C must still be sent to IHEDA
- Applicant must be issued 8609 in Indiana before submitting 3rd application – waiver request will not be accepted
- Development Site Information – removed minimum scale for plans
- Entity that is currently suspended, debarred, or in default cannot apply
- Phase I – will accept reports dated within the last 12 months (previously 6 months)
- Underwriting Guidelines
 - Replacement reserve requirements:
 - \$250 if age restricted
 - \$300 if not age restricted
 - Service reserve required for supportive housing developments

THRESHOLD REQUIREMENTS – CONT'D

- Applicants may request up to 130% basis boost
- Credit Cap – bond deals may request waiver of \$1.2 million cap if the project has sufficient basis
- Developer Fee
 - Bond deals may claim up to 15% of eligible basis; any amount of \$2.5 million must be deferred
 - Fees increased for 9% deals
- Affordable Assisted Living deals must comply with Indiana Division of Aging's "aging rule" requirements for home and community based services
- Smart Use Training – added as a threshold requirement
- Visitability Mandate – no longer applies to rehab



EVALUATION FACTORS



- Score
 - Total number of points decreased from 195 to 143
 - Minimum score to meet threshold is 80
- Rents Charged
 - Removed 40% units
 - Workforce Housing – projects will qualify for maximum points if all rents are restricted at 60% AMI rents
 - Community Integration – must designate 30% rents for target population
- Universal Design Features – greater commitment levels to maximize points
- Adaptive Reuse & Brownfield – point categories removed
- Neighborhood Stabilization – blight option removed; added sites affected by disaster

EVALUATION FACTORS – CONT'D

- Offsite Improvements – 2 year look back period
- Energy Efficiency – removed points for certifications higher than silver; removed air sealing, high insulation, and rainwater catchment system points
- Desirable Sites
 - Removed distinction between urban and rural for location efficient projects
 - Removed walk score
 - Opportunity Index
 - Changed healthy outcomes point to county with a ratio of population to primary care physicians of 2,000:1 or lower
 - Changed A-rated school to site within 1 mile of college or university
 - Added 1 point for sites within 1 mile of one of the largest 25 employers in a county
- Leveraging of Capital Resources – points increase by ½ point increments instead of 1 point increments

EVALUATION FACTORS – CONT'D

- New Scoring Categories
 - Housing Needs Index
 - Population growth
 - Rent burdened
 - Insufficient number of units for extremely low income
 - Non-IHCDA Rental Assistance
 - Smoke-Free Housing
- Lease Purchase – at least 50% of the units must be lease purchase to qualify for these points
- Removed points for Local Unit of Government Support
- Added partial points under Integrated Supportive Housing if a team had previously completed the Permanent Supportive Housing Institute
- Tenant Services
 - Commit to a specific number of services and finalize later
 - Removal of 2 bonus points

HOME & DEVELOPMENT FUND

- HOME
 - Loan term up to 2 years for construction and up to 15 years for permanent financing
 - Applicants or affiliated entities with open HOME awards cannot request more HOME funds if they have a HOME award contract executed over one year ago and have not drawn at least 25% of the funds
 - Increased HOME per unit subsidy limits
 - HOME available as gap financing only for 9% deals
- Development Fund
 - Added threshold requirement related to not being in default with any other lenders

MULTIFAMILY TAX EXEMPT BONDS

- IHEDA will not accept requests for bonds without an accompanying request for 4% credits
- Removed language prohibiting a development from applying for both 9% and 4% credits
- New QAP goes into effect immediately for new bond applications

MISCELLANEOUS & REMINDERS

- Application fees, supplemental application fees, modification & extension fees, and fees to amend or modify legal documents had a modest increase
- Failure to maintain score from initial application to final application may result in penalties and/or suspension (these instances are extremely rare)
- 2018 & 2019 Annual Rental Housing Tax Credit Rounds



Application Deadline	Anticipated Reservation Date
Nov. 6, 2017, 5:00 PM Eastern Time	February 22, 2018
July 30, 2018, 5:00 PM Eastern Time	November 15, 2018

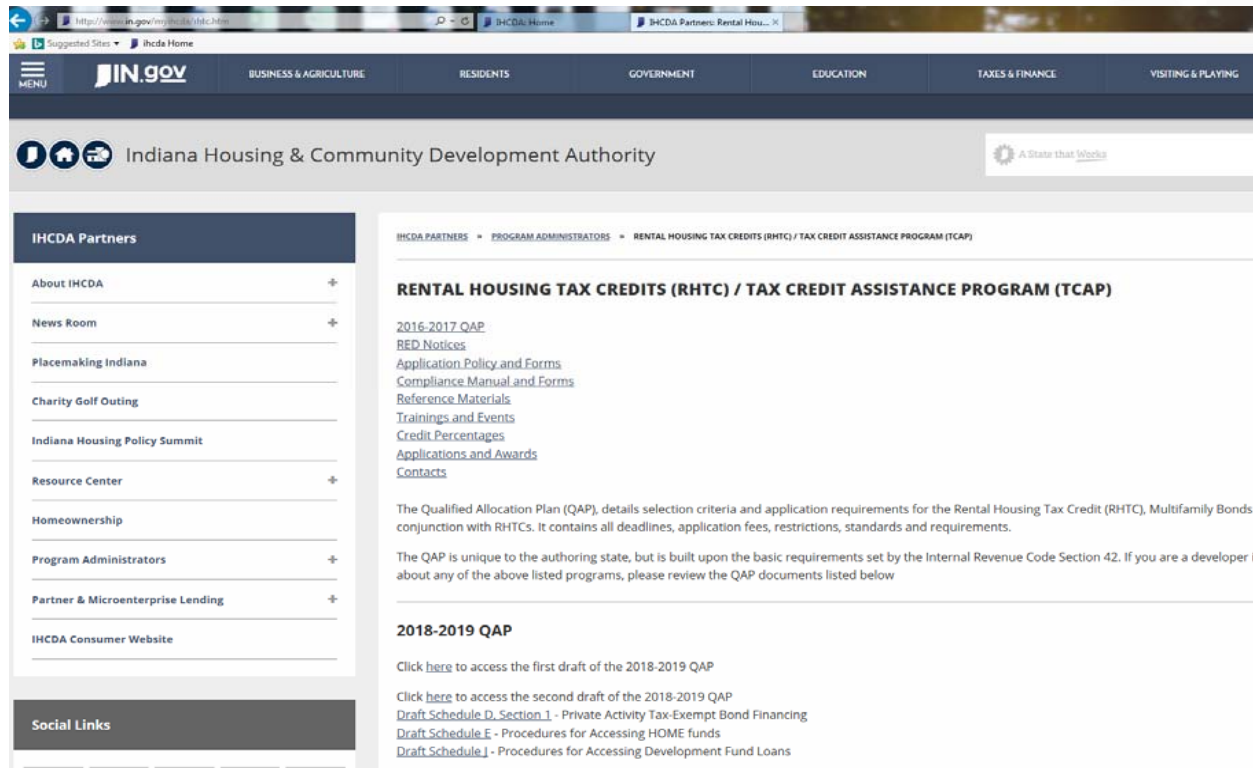
MISCELLANEOUS & REMINDERS – CONT'D

Event	Deadline
Waiver Requests CNA/Structural Conditions Reports IHCDA Notification (Form C)	October 6, 2017

- Market Studies
 - Per **RED Notices 17-17 & 17-35**, all Market Study providers on IHCDA's last approved list from 11/6/15 must recertify to remain on the list
 - The 11/6/15 list expired on 7/7/17
 - A new list is now posted on the website listing the firms that have recertified
 - Tax credit applications from this point forward must use a firm on the new list

MISCELLANEOUS & REMINDERS – CONT'D

- Appendices, Forms, and Schedules – Coming Soon!
- QAP FAQs



The screenshot shows the IHCD website with the following content:

- Navigation:** MENU, IN.gov, BUSINESS & AGRICULTURE, RESIDENTS, GOVERNMENT, EDUCATION, TAXES & FINANCE, VISITING & PLAYING.
- Header:** Indiana Housing & Community Development Authority, A State that Works.
- Left Sidebar (IHCD Partners):**
 - About IHCD
 - News Room
 - Placemaking Indiana
 - Charity Golf Outing
 - Indiana Housing Policy Summit
 - Resource Center
 - Homeownership
 - Program Administrators
 - Partner & Microenterprise Lending
 - IHCD Consumer Website
- Main Content:**
 - Breadcrumbs: IHCD PARTNERS > PROGRAM ADMINISTRATORS > RENTAL HOUSING TAX CREDITS (RHTC) / TAX CREDIT ASSISTANCE PROGRAM (TCAP)
 - RENTAL HOUSING TAX CREDITS (RHTC) / TAX CREDIT ASSISTANCE PROGRAM (TCAP)**
 - 2016-2017 QAP**
 - [RED Notices](#)
 - [Application Policy and Forms](#)
 - [Compliance Manual and Forms](#)
 - [Reference Materials](#)
 - [Trainings and Events](#)
 - [Credit Percentages](#)
 - [Applications and Awards](#)
 - [Contacts](#)
 - The Qualified Allocation Plan (QAP), details selection criteria and application requirements for the Rental Housing Tax Credit (RHTC), Multifamily Bonds in conjunction with RHTCs. It contains all deadlines, application fees, restrictions, standards and requirements.
 - The QAP is unique to the authoring state, but is built upon the basic requirements set by the Internal Revenue Code Section 42. If you are a developer interested about any of the above listed programs, please review the QAP documents listed below.
 - 2018-2019 QAP**
 - Click [here](#) to access the first draft of the 2018-2019 QAP
 - Click [here](#) to access the second draft of the 2018-2019 QAP
 - [Draft Schedule D, Section 1](#) - Private Activity Tax-Exempt Bond Financing
 - [Draft Schedule E](#) - Procedures for Accessing HOME funds
 - [Draft Schedule J](#) - Procedures for Accessing Development Fund Loans
- Right Sidebar (Social Links):** (Empty)

QUESTIONS

ALAN RAKOWSKI, RENTAL HOUSING TAX CREDIT MANAGER
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2018-2019 QAP

SESSION PART II: A DISCUSSION WITH TAX CREDIT DEVELOPERS