



2015 Qualified Allocation Plan

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Section I- Introduction

The Low Income Housing Tax Credit Program (the “**LIHTC Program**”) was enacted under Section 42 of the Internal Revenue Code (IRC) of 1986, as amended (the “**Code**”) to promote the development of affordable and workforce housing. The Qualified Allocation Plan (the “**2015 QAP**”) has been developed by the Louisiana Housing Corporation (the “**Corporation**” or “**LHC**”), in compliance with Section 42 of the Code.

The Corporation’s intent is to maximize the production of suitable, accessible, affordable residential rental units that are added to the state’s housing supply and to prevent the loss of existing residential rental housing by encouraging the rehabilitation of affordable rental housing units.

The Corporation welcomes the participation of for-profit organizations and non-profit organizations in the acquisition, development and operation of accessible affordable housing developments in rural and urban communities. The Corporation anticipates the production of affordable housing units in rural, emerging growth areas/cities and/or un-served parishes of the State.

Section II- Qualified Allocation Plan

The 2015 QAP reflects a policy framework within which the Corporation will allocate low-income housing credits (“**LIHTCs**” or “**Credits**”) and other resources to taxpayers for the development of affordable housing that addresses the housing needs of Louisiana’s citizens.

The federal laws establishing the LIHTC program are subject to change. Many terms used in the QAP are defined in Section 42 or in related IRS regulations, and readers should refer to these materials for their proper interpretation. Therefore, the Corporation strongly encourages all applicants to seek experienced legal and accounting advice in order to comply with all Housing Tax Credit Program requirements. While the Corporation may respond to request for technical assistance in applying for Housing Credit, applicants may not rely on the Corporation for legal or tax advice.

The purpose of this QAP is to reserve Tax Credits and other Corporation resources for the creation and ~~preservation-sustainability~~ of affordable rental housing units for low- and very low- income households in Louisiana in such a way as to further the following principles and priorities:

1. Provide an equitable distribution throughout the State and provide a reasonable mix of affordable housing projects, both in number of units and the populations served (family, elderly, special needs);
2. Provide as many affordable housing projects as possible, considering geographical need, size and cost per unit, and long term viability; and
3. Provide opportunities to a variety of qualified sponsors, both nonprofit and for-profit.

The Corporation has engaged with the Public Administration Institute at Louisiana State University (PAI) in the production of a Housing Needs Assessment. Through a 5-year Cooperative Endeavor Agreement (CEA), LHC and PAI have determined to develop a process for incorporating local groups, including universities, non-profits, and civic groups, into the long-term planning of affordable, safe, and energy-efficient housing policy in Louisiana. The Housing Needs Assessment (HNA) is a first and necessary step towards achieving this goal.

In the HNA, the PAI refined its approach by dividing the state into the eight Regional Labor Market Areas (RLMAs) determined by the Louisiana Workforce Commission. This division allows LHC to take a modestly more comparative stance while not overemphasizing a single region and has therefore adopted RLMAs as Regional Housing Market Areas (RHMA). Recovery has been the focus for many years, but now the state must recalibrate and consider sustainability. Housing plays a critical role in this effort.

A. Governing Document

The QAP is the governing document for the LIHTC Program. If any inconsistencies with other program documents, including the electronic Application, are noted, the Qualified Allocation Plan is the controlling document and dictates the Corporation's requirements for the LIHTC Program.

B. Modification of Program Instructions, Requirements, and Procedures

The Corporation reserves the right to amend, modify or withdraw any of the program instructions, requirements or procedures contained herein that are inconsistent or in conflict with state and federal laws and/or regulations and in accordance with the Corporation's underwriting and asset management requirements.

The QAP may be subject to change, pending developments in federal and state legislative requirements and/or LHC policy.

C. Approval Process of the QAP

The 2015 QAP is scheduled to be adopted by the Directors of the Board at the December 10, 2014 meeting. The QAP will be posted to the Corporation's website by no later than Noon, CT on Thursday, December 11, 2014. Applicants will be allowed to submit written questions to the QAP only until Wednesday, December 17, 2014 by 10:00 AM so that they may be addressed during a FAQ session following the LIHTC workshop. Questions should be submitted to QAPCOMMENTS@LHC.LA.GOV.

D. Public Records Requests

Applicants are advised that materials contained in applications for the LIHTC Program are subject to the requirements of the Louisiana Public Records Request law (*La R.S. 44:1 et seq.*), and the application materials may be viewed and copied by any member of the public.

Section III- Available Sources

A. Amount of Housing Credit Available

The State's 2015 housing credit ceiling will be divided between the Qualified Non-Profit/CHDO Pool and through the General Pool.

Qualified Non-Profit/CHDO Pool: At least ten percent (10%) of the 2015 housing credit ceiling available under Section 42(h)(3)C(ii) will be awarded to a Qualified Non-Profit/CHDO Pool for reservations to qualifying Applications which evidence the material participation of a Qualified Non-Profit organization.

Applications for reservations from the Qualified Non-Profit Pool/CHDO Pool must submit the following:

- IRS 501(c)(3) or 501(c)(4) Determination Letter of non-profit organization
- Articles and Bylaws of non-profit organization
- CHDO approval letter from participation jurisdiction if applying as a CHDO and evidence that CHDO has one or more employed staff with demonstrated development experience.
- Non-profit Participation Information as required by the Application
- Development Services Agreement evidencing that Qualified Non-Profit or CHDO will receive at least fifty-one percent (51%) of the Developer Fee.

General Pool: The remaining balance of available funds will be awarded to the highest scoring projects competing in the General Pool. The allotment of credits to the General Pool is anticipated to be \$9,450,000. Projects may only select **one (1) pool**. Projects must choose to compete in the Qualified Non-Profit Pool/CHDO Pool or the General Pool. Projects that are deemed feasible and viable with the highest ranked score will be awarded from the selected pool until such time that insufficient credits are available to award the next highest ranked project. Following final approval of the awards, any unfunded projects will remain on a waiting list in statewide rank order.

Note: QNP/CHDO pool must have ~~full-a minimum or at least~~ 10% ~~allocation and allocation.~~ Therefore, funds from the QNP/CHDO pool will not be collapsed into the General Pool.

Allocation Pools	2015 Approximate Amount
Qualified Non-Profit/ CHDO Pool	\$1,050,000
General Pool	\$9,450,000
Total	\$10,500,000

B. Other Funding Sources

Tax Credit Assistance Program (TCAP):

The Corporation has available \$2,400,000 in TCAP funds for projects that will be used in conjunction with any project competitively awarded Low Income Housing Tax Credits. The maximum amount of TCAP funds allowed to a single project is \$1,200,000. Preference will be given to projects in "Rent Burdened" areas within the Delta parishes with exception to Ouachita Parish. The project's market study must confirm the existence of income eligible rent burdened tenants within the primary market area. Projects must also indicate in the application how the project will absorb any outstanding soft costs in the event TCAP funding is no longer available.

C. Maximum Tax Credits

1. Project and Developer Limits: No project will be reserved Credits in excess of \$750,000 from the 2015 credit ceiling. No Developer, including related persons thereof or agents thereof or any person having an identity of interest with any such Developer, related persons thereof or agents thereof or any combination of the foregoing shall be reserved tax credits in excess of ~~\$750,000~~\$1,500,000 under the 2015 housing credit ceiling. ~~except Public Housing Agency (PHA) Projects and projects which evidence the material participation of a Qualified Non-Profit Organization. A developer of PHA and/or Qualified Non-Profit projects may be reserved up to \$1,500,000 from the 2015 credit ceiling.~~

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1. Notwithstanding the Developer Fee Limit stated in any QAP to the contrary, a Developer may participate in a project sponsored by a Qualified Non-Profit organization in which the Developer provides payment and performance guarantees on behalf of such nonprofit sponsor and in which the Developer's participation in such Project causes the Developer to exceed the Developer Fee limits only if the Qualified Non-Profit sponsor, Developer and Taxpayer-Owner of such Project enter into an appropriate agreement with the Corporation to limit the Developer Fee in such project to be allocated to such Developer to a percentage of the maximum approved Developer Fee. The referenced percentage is to be determined by a fraction in which (a) the numerator is the amount of credits allocated to such Project that would permit the Developer to avoid the maximum credits per Developer and (b) the denominator is the amount of credits allocated to such Project.

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2. **Bond Exceptions to Project and Developer Limits:** The limitation of tax credits per project and per Developer shall not apply to the tax credits which are generated from a bond financing if the total number of low income units in the project is described in a notice of public hearing published in a newspaper of general circulation within the parish where the project is located and a public hearing is held in a local forum proximate to where the project is located. The public hearing must follow a Notice of Public Hearing published at least fourteen (14) days prior to the hearing. Such Public Notice must specify the number and percentage of low-income units in the project if the project contains fifty or more units or, if not specified in the Public Notice, the number and percentage of low-income units in the Project must be approved by the governing authority of the jurisdiction within which the Project is located.

D. Housing Credit Percentage

LHC will allocate and underwrite all projects that are applying for LIHTC at the applicable floating credit rate established by the IRS the month prior to applications being submitted. If Congress modifies the formula that produces the rates for the 70 percent present value and 30 percent present value credits after applications are received, but before funding announcements are made, LHC may make adjustments to a project's credit percentage to offset the need for LHC gap financing.

E. 30% Basis Bump Up Determination

Applicants may qualify for 30% Basis Bump Up if located in a Difficult Development Area (DDA), a Qualified Census Tract (QCT), or located in a parish where there are no ~~LIHTC~~ funded projects that were awarded within the last 10 years. Applicants with projects that were built prior to 1987 may also qualify for the 30% Basis Bump Up.

Section IV- Application Process

All applications for the LIHTC program must use the established electronic application process; which will be made available on LHC's website (www.lhc.la.gov). The preferred method of contact for questions regarding the application process is via email to gapcomments@lhc.la.gov. Questions related to the submission of the electronic application will be accepted up to the application deadline for competitive applications.

By submitting an application, applicants agree to conduct a transaction with the LHC by electronic means. In addition, applicants agree to permit the LHC to transfer the electronic application to any ancillary service providers, including but not limited to underwriters and market analysts employed in the QAP process.

Electronic applications shall be disqualified under the following circumstances:

1. If the sender or its informational processing system inhibits the ability of the LHC to print or store the electronic application;

2. If the application is incomplete or not received by the application deadline;
3. If the application is not in a form capable of being processed by the LHC's processing system designated for the purpose of receiving applications for this QAP;
4. If an applicant doesn't create an unique id and password to access and complete electronic application(s); or
5. If valid email address isn't provided. Applications will not be accepted via email transmission.

Minimum software requirements:

At a minimum, applicants will be required to use Windows Microsoft Version 2010 or later to complete the electronic application. The Corporation recommends that applicants start early and save electronic application(s) intermittently to avoid the possibility of last minute network traffic failures and or bottlenecks.

When the final application is submitted, the applicant will receive an electronic message notifying the applicant that the application was "received". Applicants should retain a hard copy of the notification. However such receipt will not prove that the application was complete or that it meets all other necessary requirements.

LHC retains the right to request and retain all original documents that are submitted electronically in the application. An applicant's failure to provide original documents within 72-hours after receiving the Corporation's written request for such documents will result in automatic disqualification of the application.

A. 9 Percent Competitive Application Process

The application deadline is 4:30 pm, CST, Monday, March 16, 2015. Applications not received electronically with all appendixes, exhibits and attachments on or before the specified deadline shall be disqualified.

The fees must be computed and submitted by no later than **Wednesday, March 18, 2015 at 4:30 CST** in accordance with the Non-Refundable Fee Schedule specified within this section. Fees must be paid only by cashier's check, electronic wire transfer, or money order using the address as follows:

Louisiana Housing Corporation
Attn: Rental Production- Competitive Round
2415 Quail Drive
Baton Rouge, LA 70808

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Applicants are responsible and accountable for the accuracy of information submitted and for compliance with prescribed rules by the IRS. The LHC has full and final authority to determine if an application is incomplete and shall be disqualified.

If you require special services or accommodations, please submit your request via email to gapcomments@lhc.la.gov with "Accommodation Request" in the subject line.

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Program Schedule

Date	Applicant	LHC
October 8, 2014		Presentation of Draft QAP to Board of Directors
October 10, 2014		Statewide Publication of Draft QAP/ Public Hearing Notice
November 5, 2014		Official Public Hearing (Quail Drive Location)
December 10, 2014		Board adopts Final QAP- Submission to Governor
December 14 ⁷ , 2014	Deadline for submitted written QAP questions	
January 22, 2015		Posting of FAQ and Application Workshop
March 2, 2015	*Preliminary submittal of Project Site Information	
March 16, 2015	Application Deadline	
March 18, 2015	Application Fee Deadline	
April 8, 2015		Presentation of Preliminary Ranking and Scores
April 10, 2015		Posting of Draft Preliminary Ranking and Scores
April 13, 2015	Begin Challenge Period	
April 27, 2015	End Challenge Period	
May 4-8, 2015		Staff Review Committee
May 18, 2015	Appeal Packet Submission	
June 10, 2015		Approval of Final Rank, Scoring and Reservation of Tax Credits

*Note: All 9% applicants for the 2015 Funding Round will be required to submit general project site information electronically through the on-line application by no later than March 2, 2015. Specific details regarding the submission of such information will be provided at the Application Workshop tentatively scheduled for January 22, 2015.

Competitive Evaluation

1. Notice to Applicant: Information will not be provided as to the Application's processing status during the review and selection process following the Final Application Deadline.
2. Communication with Contact Person: The LHC staff will communicate only with the contact person listed in the Application. Information received from persons other than the contact person will be disregarded by the Corporation unless staff requested information be delivered directly by such other person.
3. Corporation's Request for Supplemental Data and /or Clarification: The Corporation retains the right to request supplemental data to support information contained in an Application and/or information to explain or clarify data contained in an Application.
4. Threshold Requirement: The qualified allocation plan requires applications to meet the minimum threshold requirements prior to receipt of a reservation of tax credits.
5. Challenge Period: The Corporation's challenge period runs from April 13, 2015 thru April 27, 2015. During this period an applicant may challenge **in writing** the Feasibility Viability Analysis Report, Market Study Analysis and Staff's scoring. Complete challenge information, submitted electronically (to the designated e-mail site provided in the challenge letter from the Corporation) must be received by no later than 4:30 PM CT on April 27, 2015 for acceptance or review.

Written objections during the challenge period may be based only upon the interpretation of information submitted in the application by the Final Application Deadline as supplemented for clarification during the challenge period.

Though not required, developers will be offered the opportunity to meet with staff/review committee to review any **challenge material which was properly submitted during the challenge period**. The aforementioned meetings will be offered during the week of **May 4, 2015 thru May 8, 2015**.

NOTE: Applicants must indicate in the first sentence of their challenge response if they wish to schedule a meeting with the review committee.

6. Final Rank Order: Staff will provide each developer a reconciliation of their scores and ranking by no later than 4:30 PM CT on ~~June 12~~May 13, 2015.
7. Tie-breaking Procedures: Credits for Applications submitted for a competitive funding round will be reserved to projects in descending order of score until all Credits available for reservation have been reserved. In the event of a tie between Applications for which there are insufficient Credits to reserve to each project, the LHC will use the following tie-breaking procedure:

Projects receiving the same score using the competitive selection criteria of the state Qualified Allocation Plan will be awarded tax credits in the order of a sub-ranking score using the total

points for such Projects evidenced in the following categories from the Selection Criteria:

- a. Selection Criteria IA (i): Projects promoting project diversity by percentage of limiting low-income units.
- b. Selection Criteria IA (ii): Projects which promote geographic diversity by being located in a census tract with high area median incomes.

If the use of the sub-ranking score does not break a tie, the project requesting the lower amount of tax credits will be allocated credits in advance of other projects requesting higher amounts of credits. In the event that there are remaining tied projects requesting the same amount of tax credits, preference will be given to the project with the earliest application submittal.

8. Reservations Pursuant to Qualified Allocation Plan and Federal Regulations: The Corporation reserves the right to make, revise, rescind or withdraw any reservations according to the 2015 Qualified Allocation Plan and in accordance with published federal regulations, rulings, guidelines and notices.
9. Waiting List: All unfunded applications meeting minimum threshold will be placed in statewide rank order on the Corporation's approved waiting list for further Credit reservations as Credits become available in calendar year 2015. Any Credits returned in calendar year 2015 in accordance with the provision of Section 42(h)(3)(C)(iii) from a prior year allocation will be available to projects on the basis of their state wide rank order. The 2015 waiting list shall remain active until either the next funding cycle, next QAP is drafted and approved or at such time the Board deems the waiting list not in effect.
10. Corporation Credit Allocation: Notwithstanding any contrary statement or representation by the LHC, or any contrary understanding or belief by the applicant, no decision of the Corporation regarding the allocation of Credits shall be final until the applicant receives an IRS Form 8609 properly issued by the Corporation. Prior to the receipt of the IRS Form 8609 the Corporation may, in its discretion and at any time prior to the applicant's receipt of an IRS Form 8609, rescind or modify any allocation of Credit, if the Taxpayer or a Partner/Member of the Taxpayer has undertaken any action which is not consistent with the clear language of the QAP from which the Credit was allocated. The Forms 8609 will not be issued if the Taxpayer or a Partner/Member of the Taxpayer has been found to be noncompliant with any provision of federal, state, or local law or regulation (including the terms of the pertinent QAP).
11. Binding Arbitration: Any and all disputes concerning, but not limited to any process, reservation, requirement, recapture procedure or other that evolves under this QAP or funding rounds or initiatives, will be resolved via binding arbitration at the expense of the developer.

THE FINAL RANK ORDER OF AN APPLICATION DOES NOT CONSTITUTE ANY ENTITLEMENT TO A RESERVATION OF TAX CREDITS IF A PROJECT IS OTHERWISE NOT FEASIBLE OR NOT VIABLE OR FAILS TO SATISFY OTHER REQUIREMENTS UNDER THE QAP.

Appeals Committee

A committee composed of a revolving three (3) member panel established at the discretion of the Executive Director and Board Chairman will review matters involving staff's decisions at the written request of the developer. The Appeals Committee will have discretion as to which matters merit further review or consideration by the full Board of Directors. Requests for such review must be submitted **in writing** to the Executive Director by no later than 4:30 PM CT, May 18, 2015.

No information other than requested supplemental clarifying information during the challenge period will be accepted during the review and selection process following the Final Application Deadline.

B. Tax- Exempt Bond Financing and 4 Percent Housing Credit

Credit for building financed by tax-exempt bonds subject to volume cap will be determined per Section 42(h)(4). If 50 percent or more of a project's aggregate basis of building and land are financed with tax exempt bonds, the project may receive a maximum 30 percent present value credit calculated against the project's qualified basis without causing a reduction in the state's annual credit authority. Applicants requesting to finance projects with tax-exempt bonds must complete a separate application and will be scored separately.

Applicants desiring to verify that a bond financed project satisfies QAP, must submit the application and all documents electronically along with the non-refundable Application and analysis fees (and the Subsidy Layering Review Fee, if applicable) computed in accordance with the Non-Refundable Fee Schedule specified within this section and must be received prior to completing any review. Projects receiving an award of 4% LIHTCs will be subject to a 5% award fee at the time of the award.

Applications for bond-financed developments may be submitted at any time during the year. It is recommended any bond financed projects be submitted to the Corporation 45 days in advance of the meeting at which such project will be subject to approval by the Corporation's Board of Directors in accordance with the latest approved QAP.

While an award of 4% Credits is not competitive, LHC will verify that all projects have the appropriate development team in place, meet all threshold requirements, and meet LHC's underwriting requirements. LHC reserves the right to reject any application that fails to meet an appropriate level of quality in these areas. LHC is the final judge of eligibility for the amount LIHTC awarded to all tax-exempt bond financed developments. The deadlines indicated in the program calendar do not apply. Bond Financed Applications may be submitted for projects located in any of the Parishes throughout the state.

Cost and profit limitations and minimum score may be waived by the Governor in the executive order allocating private activity volume cap or by the Corporation's Board of Directors following a staff review that determines that such additional costs are justifiable and reasonable under the circumstances or are attributable to unique development characteristics (e.g. location in a difficult

to develop area, limited commercial space or tenant services or common areas essential to the character of the development).

Development Costs per unit in excess of the QAP limits will be permitted only:

- a. Upon submission of a report by an Independent Qualified Construction Consultant retained by the Corporation that (i) describes the elements of the Project's Plans and Specifications, Schedule of Values and budgeted development costs causing the Total Development Costs per unit to exceed the QAP limits and (ii) concludes that the excess costs are justified and not unreasonable based upon the review of the Independent Qualified Construction Consultant; and
- b. The construction contract for the Project in accordance with the Plans and Specifications reviewed by the Independent Qualified Construction Consultant is awarded on the basis of a competitively solicitation to the lowest responsible bidder. The fees for the report of the Independent Qualified Construction shall be paid by the Applicant.

In addition to the requirements indicated above, the applicant must also meet the following requirements:

1. 4% LIHTCs will only be awarded with the approval and with subsequent closure of tax exempt bonds through the Corporation.
2. LHC reserves the right to require a legal opinion stating that the development is eligible to receive an allocation of Housing tax Credits pursuant to Section 42(h)(4) of the Internal Revenue Code.
3. A representative of the developer or management company must meet with the LHC Asset Management Department and Program Department within six months following issuance of the 42m letter of eligibility to review management practices and establish a timetable for the placed-in-service review.

Development-specific conditions will be listed in the LIHTC (42m) letter of eligibility. Taxpayer/Owners of bond-financed projects must enter into an appropriate regulatory agreement and compliance monitoring agreement prior to receiving Forms 8609.

C. Non-Refundable Fee Schedule

The following non-refundable fees govern the application processing, reprocessing and reservation of LIHTC and the fees to monitor and report non-compliance. All fees must be paid either with a wire transfer, money order or with a certified check. If any other form of payment is received, the unacceptable form of payment will be returned and the application will be disqualified.

Please note the Market Study Fee, Application Fee and Analysis Fee are due by no later than 4:30 CST on Wednesday, March 18, 2015. If the appropriate fees are not submitted to the LHC, the application may be considered incomplete and subject to disqualification.

Award recipients will be required to pay a Credit Award Fee upon award of a Tax Credit reservation by the Corporation (4% and 9% Credits). The Credit Award Fee will be due upon execution of the Credit Reservation Letter.

Application Fee	
1 to 4 units	\$100.00
5 to 32 units	\$1,000.00
33 to 60 units	\$1,500.00
61 to 100 units	\$2,500.00
Over 100 units	\$5,000.00

Analysis Fee	
1 to 4 units	\$100.00
5 to 32 units	\$1,000.00
33 to 60 units	\$1,500.00
61 to 100 units	\$2,500.00
Over 100 units	\$5,000.00

Market Study Fee	
	\$4,000 -\$4,500

Reprocessing Fee: The reprocessing fee established in the fee schedule of the application will be required whenever reprocessing changes occur. The applicant must receive approval from the Corporation for any reprocessing change to a project and the fee will be required at the time the reprocessing changes are submitted to the Corporation for approval.

Reprocessing Fee	
1 to 4 units	\$50.00
5 to 32 units	\$500.00
33 to 60 units	\$750.00
61 to 100 units	\$1,250.00
Over 100 units	\$2,500.00

Credit Award	
	5% of Credit Reserved

Return/ Reallocated	
	5% of Reallocated Credits

Subsidy Layering/ PIS Cost	
(Note: If HUD or RD Housing Assistance or other Government Assistance is provided to Project a Subsidy Layering Review is required in addition to the PIS Review)	
Subsidy Layering Review	¼ Analysis Fee
PIS Review	\$250.00

Compliance Fee: The Minimum fee will be charged based on project size. The Corporation reserves the right to charge such additional amounts at any time as may be required to monitor compliance in accordance with the Internal Revenue Code of 1986, as amended , and regulations promulgated pursuant thereto.

Annual Compliance/ Monitoring Fee	
Project Size	Fee
per unit	\$33.00

D. Underwriting Guidelines

Pro Forma Cash Flows

All Projects must submit fifteen (15) year pro forma cash flows complying with the following requirements:

1. Rate of Increase Assumptions for Revenues and Expenses: Revenues may be projected to increase at a rate not in excess of two percent (2%) and expenses must be projected to increase at a rate of not less than Operating Costs Adjustment Factors (OCAF) or three percent (3%).
2. Required Debt Service Ratios: Debt service ratios may not fall below 1.15 (1.10 for Rural Housing Services (RHS) Rural Development funded properties) unless the Taxpayer/Owner executes an appropriate escrow or acceptable guarantee in an amount equal to the maximum cumulative cash flow shortfall. If Debt Service Ratios during the credit period with respect to all debt exceeds 1.4, the excess cash flow must be deposited to the Reserves for Replacement or used to prepay hard debts. The Minimum Reserve Balance shall be increased by such excess cash flow.
3. Maximum Return on Taxpayer Capital for Projects with Soft Funds (HOME, CDBG, or TCAP) and Distributions of Surplus Cash: Any project which receives Soft Funds from the Corporation and which evidences satisfaction of the Minimum Reserve Balance will be permitted a Capital Recovery Payment on Taxpayer Capital equal to 350 basis points above the comparable Treasury bill yields as of the Closing Date that are coterminous with the return of taxpayer

capital over a maximum ten year period. Tax Credit equity shall be disregarded as Taxpayer Capital. Surplus Cash evidenced in annual audits may be distributed each fiscal year so long as such distributions are limited to not exceeding fifty percent (50%) of such Surplus Cash.

4. Terms Required for Cash Flow Notes: Any cash flow note associated with the acquisition of an existing project must be accompanied by a schedule establishing the imputed principal of the cash flow note under Section 1274(b) of the Internal Revenue Code and any basis adjustment of the note and project pursuant to Section 1.1275-4(c) of the Treasury Regulations. All cash flow notes must mature on or before the end of the economic life of the project which may not exceed 55 years unless such cash flow note is a Developer Fee Cash Flow Note, in which case such Developer Fee Cash Flow Note must mature by the end of the initial Compliance Period of 15 years.
5. Vacancy Rate Assumptions: Assume a five percent (5%) vacancy rate and two percent (2%) bad debt unless the project is located in a "soft" market as determined by the Independent Qualified Housing Consultant within which a higher vacancy allowance will be required.
6. Required Deposit to Reserves for Replacement: Minimum replacement reserves should equal \$250 per unit per year for new construction developments for seniors and \$300 per unit per year for new construction developments for families and developments involving rehabilitation. If the reserve deposits specified in Capital Needs Assessment exceed the foregoing minimum reserve deposits following rehabilitation, then the deposits to the reserved for replacement shall be the higher amount specified in the Capital Needs Assessment. Notwithstanding the foregoing, if HUD or RD finances the first mortgage, the annual deposit to the Reserves for Replacement may be determined in accordance with HUD or RD policies or regulations. Deposits to the Reserves for Replacement will be regulated and monitored in accordance with the Tax Credit Regulatory Agreement.
7. Maximum Rents: Pro forma Rents for Application purposes may not exceed the lowest of market rents evidenced in the market study, HUD's most recently published fair market rents (FMR) or the maximum rent permitted by Section 42 or any subsidy program which benefits the project. Actual rents may not exceed the maximum rent permitted by Section 42 of the Code.
8. Minimum Operating and Maintenance Expenses: ~~Minimum operating and maintenance expenses shall not be less than \$3,600 per unit per year.~~ Minimum operating and maintenance expenses shall not be less than \$3,600 per unit per year. For an existing project undergoing rehabilitation the Minimum Operating and Maintenance Expenses shall be increased if, following a review of the prior three years of audits of the project's operations, the expenses exceed the minimums and if the rehab to be completed will not reduce the historic expenses. SRO Projects shall evidence appropriate subsidies to sustain the proposed operating budget.

9. ~~Minimum Reserve Balance: Minimum operating reserves should equal six-four months of projected operating expenses plus debt service payments and annual replacement reserve payments. Initial operating reserves of up to \$2,000 per unit per year may be funded from project development sources. Initial operating reserves exceeding \$2,000 per unit must be funded either with deferred developer fees, unsecured debt or soft cash flow debt.~~

9.
10. Rent subsidies committed to the project by the taxpayer in order to increase unit affordability should be referenced in the pro forma.

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Section V- Threshold Requirements

All applications must meet threshold requirements. Applications which fail to meet threshold requirements are ineligible to be considered for credits. Unless noted otherwise, projects with tax-exempt bond financing must also meet all threshold requirements to receive Tax Credits.

A. Project Threshold Requirements

~~All applications must meet threshold requirements. Applications which fail to meet threshold requirements are ineligible to be considered for credits. Unless noted otherwise, projects with tax-exempt bond financing must also meet all threshold requirements to receive Tax Credits.~~

1. **Site Control:** Site control is required at time of application and may be documented by either a fully executed purchase agreement, an option to purchase or a valid title in the name of the taxpayer or developer.
2. **Zoning:** Appropriate zoning is required and may be evidenced in the form of (i) an official local jurisdiction map that the site is actually zoned for the proposed project type or (ii) a letter from an official of the jurisdiction stating either that (a) the proposed project is consistent with existing zone requirements or (b) if the site is not currently zoned for the project type, that changing the existing zoning requirements to permit the project to be constructed will be completed by a date certain (not later than the date specified in the QAP for tax credit reservations). This documentation must be included in the final application submitted no later than the application deadline.
3. **Infrastructure:** Evidence of essential infrastructure and proximity to other services is required and proof of such must be included in the application for the following:
 - (i) **Utilities:** Evidence of electrical, water and sewer lines to the property site, or if such facilities are not currently available, how such facilities will be available to the site.
 - (ii) **Transportation:** Evidence that reasonable transportation services are currently proximate to the site, or if such transportation services are not, a narrative statement of how tenants

will **access commercial**, educational, recreational and other services upon completion of project.

(iii) **Educational Facilities:** Evidence that (a) primary educational facilities are reasonably available to school-age children of tenants if the project is for family units or, if such **facilities are not**, a narrative statement of how school-age children will access public educational facilities and (b) the local public school system has been notified about the estimated prospective population count of school age children in the project when the project is placed in service (**Note: This is applicable to both new construction and rehabilitation projects**).

4. **Environmental Review:** All projects involving use of existing structures must submit an Environmental Restrictions Checklist completed by a professional licensed to conduct environmental testing. Any finding that environmental hazards exist must be mitigated or abated in accordance with an Operating and Maintenance plan that addresses how each hazardous material or condition will be addressed, including the training of on-site personnel in accordance with applicable local, State and Federal laws or regulations. Costs associated with environmental hazard mitigation or abatement must be included in the project's budget.
5. **Tenant Referrals from LRA/OCD, PHAs, and the LHC:** Taxpayer shall acknowledge and agree to rent low income units to households referred by the LRA/OCD, and/or the local PHA if the tenants referred to the Taxpayer satisfy the requirements of the Project's Management and/or Operating Plan.
6. **Minimum Internet/Cable Capacity Requirements:** All units must be equipped with networks to provide cable television, telephone and internet access in the living area and each bedroom. The following networks (combined or distinct) must be capable of being accessed and activated by tenants: (i) telephone network installed for phones using CAT5e or better wiring, (ii) network for data installed using CAT5e or better, networked from the unit back to a central location or similar configured wireless network and (iii) TV services network using COAX cable. The wiring for such networks should be available to tenants free of charge but tenants may be charged the actual fee incurred by the Taxpayer for activating and making available any services provided directly by the Project or through third party providers. The equivalent of wireless network access is acceptable.
7. **Energy Efficiency:** Projects are required to meet these minimum requirements:
 - HVAC
 - Energy Star qualified furnace (90% AFUE) or heat pump (HSPF 8.2)
 - Energy Star qualified air-conditioner (SEER 14.5)
 - Windows
 - U-value of 0.4 or less
 - SHGC of 0.4 or less
 - Ten-year warranty from date of delivery against breakage of the glazing panel's seal
 - Appliances

- Energy Star refrigerator
- Energy Star dishwasher
- Energy Star washer
- Water heater: Gas (Energy Factor of 0.62 or higher) or Electric (Energy Factor of 0.92 or higher)
- Insulation
 - Ceiling- R30
 - Walls- R13
 - Floors- R19

All of the energy efficiency components must be clearly and individually listed in an original stamped letter from either the architect or engineer of record. The letter must state that the entire construction envelope meets or exceeds the 2009 International Energy Conservation Code. Manufacturer's cut sheets must be submitted to document the energy efficiency of each component for which points are claimed.

Rural Development Rehabs will be allowed a waiver of the minimum threshold requirements on rehabilitation projects only if RD submits a letter with the application authorizing the specific waiver(s) and concurring with the submitted request.

Rehabilitation Projects are not required to adhere to the minimum Energy Efficiency requirements unless:

- (i) The Capital Needs Assessment requires replacement of the item;
- (ii) The applicant chooses to replace an item; or
- (iii) The Corporation's designated architect, in consultation with the Corporation's contracted underwriter, determines that an early replacement of an item with a more energy efficient system substantially improves the quality of life for residents with substantial benefits attributable to reduce deposits to reserves for replacement and/or reductions in operating expenses.

8. **Design Features:** All projects must meet the following design features: (1) All projects must have a 15-year or more maintenance-free exterior, such as brick, stucco, fiber-cementitious material or other Corporation approved acceptable durable materials. Vinyl siding is not an acceptable material. Additional product may be added to this list subject to review by the Corporation's Construction Department or designated architect. (2) All projects must have at least a 25 year roof warranty. (3) All projects must have at least double paned, insulated windows, as defined by this QAP.
9. **New construction projects, and substantial improvements,** in the Special Flood Hazard Area (SFHA) must meet the National Flood Insurance Program (NFIP) criteria in 44 CFR 60.3; elevating at a minimum to the Base Flood Elevation indicated in the applicable Flood Insurance Rate Map (FIRM) and/or Flood Insurance Study (FIS). The project must also meet all local standards for floodplain management. A finished-construction Elevation Certificate must be provided. An Architect's certification must be provided for any project located inside a levee protected area.

10. **Rehabilitation projects** must submit Capital Needs Assessments which specifically address the current FEMA and NFIP Guidelines. Rehabilitation of a historic property in a local historic, state cultural, or National Register Historic District must be rehabilitated in accordance with the Secretary of the Interior's Standards for Historic Rehabilitation.

11. **Historic rehabilitation projects** must include in their submission evidence of an approved Part I application from the Louisiana Office of Cultural Development Division of Historic Preservation, information concerning minimum project requirements, including but not limited to Energy Efficiency requirements, Design Features, Base Flood Elevation requirements and Internet Cable requirements for consideration of applicable waivers at time of application. If a historic structure undergoing substantial improvement (per the NFIP definition) is not being elevated, it must be documented that the historic designation will be maintained when the project is completed. As noted above, the rehabilitation of a historic property in a local historic, state cultural, or National Register Historic District must be rehabilitated in accordance with the Secretary of the Interior's Standards for Historic Rehabilitation. The project must submit a Part II from the Louisiana Office of Cultural Development Division of Historic Preservation by carryover date.

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B. Project Team/ Developer Threshold Requirements

1. Developer Experience

Such Managing General Partner or Sponsor must:

- a. Be identified in the application
- b. Become a general partner or managing member of the ownership entity, and
- c. Remain responsible for overseeing the project and operation of the project for a period of two (2) years after placed in service.

All owners and principals must disclose all previous participation in the low income housing tax credit program. Additionally owners and principals that have participated in an out of state tax credit allocation may be required to complete an Authorization for Release of Information Form.

No developer or taxpayer utilizing a debarred participant in the development or operation of a project may be reserved or allocated tax credits.

2. Property Management Experience

The property management company must have at least:

- a. One similar (size and type) tax credit project in their current or past portfolio, and
- b. One staff person serving in a supervisory capacity with regard to the project who has been certified as a tax credit compliance specialist.

Such certification must be from an organization approved by the LHC or the Corporation. None of the persons or entities serving as management company may have in their portfolio a project with material or uncorrected non-compliance beyond the applicable cure period. The management company listed on the application must be retained by the ownership entity for at least two (2) years after project completion, unless Taxpayer releases such the agent for nonperformance of duties.

The development must be managed by an On-Site Manager that has received LIHTC Compliance Certification dated no more than 12 months prior to the Application deadline from a program deemed acceptable to the Corporation in accordance with industry recognized training standards.

3. Project Team Disqualifications

The Corporation shall disqualify any taxpayer, its representative or agent, managing general partner, sponsor or Management Company, who is not in good standing with the LHC or Corporation, as defined herein. One who is "not in good standing" will be considered ineligible to receive a reservation/allocation of credits during this Funding Round. One is considered to be "not in good standing" with the LHC or Corporation if one has met one or more of the following criteria:

- a. Has been debarred or received a limited denial of participation in the past ten years by any federal or state organization from participating in any development program;
- b. Within the past ten years has been in a bankruptcy, an adverse fair housing settlement, an adverse civil rights settlement, or an adverse federal or state government proceeding and settlement;
- c. Has been involved within the past ten years in a project which previously received an allocation of tax credits but failed to meet standards or requirements of the tax credit allocation or failed to fulfill one of the representations contained in an application for tax credits without the express approval of the LHC or the Corporation;
- d. Has been found to be directly or indirectly responsible for any other project within the past five years in which there is or was uncorrected noncompliance more than three months from the date of notification by the LHC or Corporation or any other state allocating agency unless the LHC or the Corporation determines, in its discretion, that the uncorrected non-compliance was not the fault of the person in question;
- e. Interferes with a tax credit application for which it is not an owner or Principal at a public hearing or other official meeting;
- f. Has outstanding flags in HUD's national 2530 National Participation system;
- g. Has been or is currently involved in any project awarded Tax Credits in 2011 or earlier for which the final cost certification requirements were not met by March 16, 2015;

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- h. Has been or is currently involved in any project awarded tax credits after 2000 where there has been a change in general partners or managing members during the last five years that the LHC or Corporation did not approve in writing beforehand;
- i. Are delinquent or in default on any LHC or Corporation obligation, ~~(including but not limited to HOME repayment,)~~ as of March 16, 2015 (final application date) will be considered ineligible to receive a reservation/allocation of credits during this Funding Round;
- j. Has an outstanding audit report requirement or unresolved audit deficiencies as of March 16, 2015 (final application date) will be considered ineligible to receive a reservation/allocation of credits during this Funding Round;
- k. Has unresolved outstanding 8823's or other outstanding Compliance Violations as of March 16, 2015 (final application date) will be considered ineligible to receive a reservation/allocation of credits during this Funding Round; or
- l. Are currently out of compliance with ~~or~~ project schedules by greater than ninety days as of March 16, 2015 (final application date) on ~~currently existing~~ projects at the Corporation.

~~The Corporation will provide each taxpayer notice by no later than January 15, 2015, via certified mail and electronic correspondence that the taxpayer is subject to disqualification based upon specific non-compliance. The taxpayer, agent or representative, managing general partner, sponsor or Management Company must respond in writing, for receipt by the Corporation via certified mail ONLY by no later than January 30, 2015 to the Housing Production Unit, specifying reasons that they object to the findings of the LHC or Corporation. Staff will review all objections received and provide the results of their review to the applicant and Board of Directors by no later than February 11, 2015 so that the taxpayer, agent or representative, managing general partner, sponsor or management company may prepare an appeal, if he or she desires, to the Board of Directors at the regularly scheduled March 11, 2015 meeting.~~

~~The taxpayer, agent or representative, managing general partner, sponsor or Management Company's written appeal and supporting documents should be submitted for the Board's review no later than 11:00 am CST on February 23, 2015.~~

~~Based upon staff's review, a final recommendation to the Board of Directors will be presented at its regularly scheduled March 11, 2015 meeting. The decision of the full board regarding disqualification status will be final.~~

Notwithstanding the foregoing, any taxpayer, agent or representative, managing general partner, sponsor or Management Company deemed not in good standing by the LHC Asset Management department will be subject to disqualification.

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Prospective applicants are hereby notified that any and all expenses incurred in the preparation of applications to be submitted during this round are incurred at their own risk and are subject to forfeiture.

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C. Other **Threshold** Program Requirements

1. **Local Community Notification:** The Applicant must include in the Application evidence that a Public Notice was published in a local newspaper having general circulation in the city, town, township or municipality of the proposed development area **AND** in the official journal of the local governing authority three (3) separate times between February 2, 2015 to March 13, 2015. Proof must also be submitted in the application submission that correspondence has been submitted to the Mayor and the Chair or President of the local governing authority where the project is located. Proof should include delivery receipt.

Acceptable local newspapers and official journals of local governing authority is posted on the Corporation's website. If any applicant proposes to submit an application in an area not listed or covered by the attached, a written request for additional information must be submitted by no later than January 15, 2015 at 4:30 PM CT to gapcomments@lhc.la.gov.

This notice must include:

- The name of the project owner;
- The project name;
- The project address or location;
- The maximum number of units;
- Mix of units
- The nature of the project (i.e. new construction or rehabilitation, elderly or family, etc and construction type and occupancy type along with proposed community facility and supportive services;
- State the project is competing for 9% Tax Credits (or applying the 4% Tax Credits) provided by Louisiana Housing Corporation; and
- Total development cost including funding sources and amounts.

Applicant must provide proof that correspondence has been submitted to the Mayor and the Chair or President of the appropriate local governing authority of the smallest jurisdiction within which the project is to be located, such as City Council, where the project

is proposed notifying them of the project and including above referenced notice information.

2. **Unit Size Limitations:** No project will be reserved credits if the limits and other requirements by type and size of unit specified below are not satisfied.

a. **Minimum Square Footage and Full Bathrooms Per Unit Type:**

Unit Type	Bathrooms	Square Feet
Efficiency	1	450
1 Bedroom	1	650
2 Bedroom	1	800
3 Bedroom	2	1100
4 Bedroom	2	1400

- i. **Waiver of Minimum Bathroom and Bedroom Size.** The minimum bathroom and bedroom size may be waived for an existing project which is being rehabilitated only if a federal program finances the unit and the federal agency administering the program which finances the unit requests a waiver of such limits.
- ii. **Reduction of Minimum Square Footage Per Unit.** The minimum square feet per unit may be reduced by 10% for existing units if the local jurisdiction within which the units are located certifies that such units will comply with all applicable zoning and building codes.

b. Maximum Average TDC Per Unit by Development Type: Cost Containment Guidelines:

<u>Acquisition /Rehabilitation (includes elderly)</u>	<u>\$125,000</u>
<u>New Construction/Conversions (includes elderly, non-elevated)</u>	<u>\$150,000</u>
<u>New Construction/Conversions (includes elderly, elevated)</u>	<u>\$175,000</u>
<u>Historic Property</u>	<u>\$250,000</u>
<u>Scattered Site</u>	<u>\$185,000</u>

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Note: All costs are based on total development cost per dwelling unit per square foot and are categorized by Regional Housing Market Areas (RHMA). The RHMA's include the following areas:

New Orleans Jefferson, Plaquemines, St. Charles, St. Tammany, Orleans, St. Bernard, St. James, St. John the Baptist

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Baton Rouge Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, Tangipahoa, Washington, West Baton Rouge, West Feliciana

Houma-Thibodaux Assumption, Lafourche, Terrebonne

Lafayette Acadia, Evangeline, Iberia, Lafayette, St. Landry, St. Martin, St. Mary, Vermilion

Lake Charles Allen, Beauregard, Calcasieu, Cameron, Jefferson-Davis

Alexandria Avoyelles, Concordia, Lasalle, Vernon, Catahoula, Rapides, Grant, Winn

Shreveport-Bossier Bienville, Bossier, Caddo, Claiborne, DeSoto, Lincoln, Natchitoches, Red River, Sabine, Webster

Monroe Caldwell, East Carroll, Franklin, Jackson, Madison, Morehouse, Ouachita, Richland, Tensas, Union, West Carroll

New Construction/Scattered Site

<u>RHMA</u>	<u>0B</u>	<u>1B</u>	<u>2BR</u>	<u>3B</u>	<u>4B</u>
-	-	-	-	-	-
N.O.	\$1	\$14	\$13	\$1	\$1
Baton Rouge	\$1	\$14	\$13	\$1	\$1
Houma/Thib.	\$1	\$14	\$12	\$1	\$1
Lafayette	\$1	\$14	\$12	\$1	\$1

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	\$1	\$14	\$13	\$1	\$1
Lake Charles	\$1	\$13	\$12	\$1	\$1
Alexandria	\$1	\$13	\$12	\$1	\$1
Shreve/Bossier	\$1	\$13	\$12	\$1	\$1
Monroe	\$1	\$13	\$12	\$1	\$1

New Construction Multifamily

RHMA	0BR	1BR	2BR	3BR	4BR
N.O.	\$16	\$16	\$15	\$15	\$15
Baton Rouge	\$16	\$15	\$15	\$14	\$14
Houma/Thib.	\$16	\$15	\$15	\$14	\$14
Lafayette	\$16	\$15	\$15	\$14	\$14
Lake Charles	\$15	\$14	\$14	\$14	\$13
Alexandria	\$15	\$15	\$14	\$14	\$14
Shreve/Bossier	\$15	\$14	\$14	\$13	\$13
Monroe	\$15	\$14	\$14	\$13	\$13

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Rehabilitation Scattered Site

	<u>0</u>				<u>4BR</u>
<u>RHMA</u>		<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	
-	-	-	-	-	-
	\$	\$12	\$11	\$10	
<u>N.O.</u>					\$96
	\$	\$11	\$10		
<u>Baton Rouge</u>				\$99	\$93
	\$	\$11	\$10		
<u>Houma/Thib.</u>				\$98	\$92
	\$	\$11	\$10		
<u>Lafayette</u>				\$97	\$91
	\$	\$11	\$10		
<u>Lake Charles</u>				\$98	\$92
	\$	\$10	\$10		
<u>Alexandria</u>				\$93	\$88
	\$	\$11	\$10		
<u>Shreve./Bossier</u>				\$95	\$89
	\$	\$10	\$10		
<u>Monroe</u>				\$93	\$87

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Multifamily Rehabilitation

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RHMA					
	\$1	\$1	\$1	\$1	\$1
N.O.					
	\$1	\$1	\$1	\$1	\$1
Baton Rouge					
	\$1	\$1	\$1	\$1	\$1
Houma/Thib.					
	\$1	\$1	\$1	\$1	\$1
Lafayette					
	\$1	\$1	\$1	\$1	\$1
Lake Charles					
	\$1	\$1	\$1	\$1	\$1
Alexandria					
	\$1	\$1	\$1	\$1	\$1
Shreve./Bossier					
	\$1	\$1	\$1	\$1	\$1
Monroe					

Historic Preservation/Rehabilitation

	<u>0BR</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>
RHMA				
	\$187	\$180	\$178	\$173
N.O.				
	\$181	\$175	\$173	\$168
Baton Rouge				

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Houma/Thib.	\$180	\$174	\$172	\$168*
Lafayette	\$178	\$172	\$170	\$166*
Lake Charles	\$180	\$174	\$172	\$168*
Alexandria	\$173	\$167	\$165	\$161*
Shreve-/Bossier	\$176	\$170	\$168	\$164*
Monroe	\$172	\$167	\$164	\$161*

Addition of a passenger elevator will increase the Sq Ft factor by \$11.00 only on the buildings and floors that are directly serviced.

Addition of NFPA 13R sprinkler system will increase the Sq Ft factor by \$6.00 only on the buildings and floors that are directly serviced.

- c. **Governmental Grants, Historic Credit Syndication Proceeds and Certain Other Funds are not included in Cost Limits.** The costs of a development funded by a governmental grant; proceeds from syndicating historic credits; or grants such as philanthropic donations, Federal Home Loan Bank or Private Investors funds are excluded from the total development costs for the purposes of establishing the project costs and for the purpose of calculating maximum qualified basis of a building or Project.
- d. **Exclusion of Cost of Community Facilities and Community Services Facilities from Cost Limits.** The costs associated with Community Facilities and Community Service Facilities will be excluded from total development costs for the purpose of establishing the project cost. The costs of Community Facilities which are functionally related and subordinate to the residential units and the costs of Community Service Facilities not in excess of the sum of (i) twenty-five percent (25%) of so much of the eligible basis of the qualified low-income housing project of which it is a part does not exceed fifteen million dollars (\$15,000,000) plus (ii) ten percent (10%) of the eligible basis of such project as is not taken into account under (i) may be included in eligible basis of a building or Project.
- e. **SRO Projects.** Single Room Occupancy Projects will not be subject to project costs limits if the local governmental unit by resolution or ordinance endorses the SRO Project and certifies that the SRO Project will provide shelter to homeless persons or will receive Stewart-McKinney Act Funds.
- f. **Projects Reallocated Credits Based on Housing Discrimination.** Notwithstanding any other calendar year Qualified Allocation Plan to the contrary, additional costs to projects which are delayed based upon housing discrimination and which are reallocated credits will not be subject to cost limits if the project is otherwise feasible and viable and the Corporation's Board of Directors acknowledges that the increased costs were due to circumstances beyond the control of the Taxpayer.
- g. **Construction and Design Standards.** At the time of application submission; the Architect's Certifications should outline the proposed design and construction

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commitments. All projects must adhere to the Construction and Design Standards as contained in Appendix C. Requirements for New Construction Scattered Site Projects are also contained in Appendix C.

3. **Project Amenities** . All properties other than SRO Projects must include HVAC systems, refrigerators, stoves, an on-site laundry (1 washer and 1 dryer per every 10 units- except for Elderly Projects). If washers and dryers are installed and maintained in every unit at no additional cost to tenants, an on-site laundry is not required. All amenities, with the exception of the on-site laundry, must be available to the tenants at no additional charge. The requirement of an on-site laundry shall not apply to rehabilitation projects with 12 or fewer units.
4. **Profit Limits.**

Developer Fees- Shall not exceed fifteen percent (15%) of the Developer Fee Base plus either (i) five percent (5%) of the Acquisition Cost Base or (ii) 8% of the Acquisition Cost Base in the case of RD, PHA or HUD Distressed Properties.

No Developer Fee, including payments to consultants, will be allowed unless a Development Services Agreement is submitted as an Exhibit to the Tax Credit Application Package. The Developer Fee Base will include only the amount of Builder Profit, Builder Overhead and General Requirements at the maximum limits permitted by the Corporation and will exclude all payments to the Developer or persons related to or having an identify of interest with the Developer. Fees paid to CHDOs or non-profits will not be added to the total amount of developer's profit cap.

Architect Fees- Shall not exceed seven percent (7%) of construction contract.

Builder Profit- Shall not exceed six percent (6%) of the Builder Profit fee base.

Builder Overhead- Shall not exceed two percent (2%) of the Builder Profit fee base.

General Requirements- The actual cost associated with General Requirements shall not exceed six percent (6%) of the General Requirements Base. Bond Premium paid by the Developer or the Taxpayer/Owner will be excluded from the General Requirements.

Syndication Costs- Syndication Costs in excess of ten percent (10%) and fifteen percent (15%) of Gross Equity for privately placed and publicly offered Syndications, respectively, will be treated as part of the Developer Fee.

5. **Self-Owned Equipment Limitations:** Costs deemed to lease self-owned equipment or to lease equipment owned by persons related to or having an identity of interest with the Developer or Builder will be considered as builder profit and overhead; provided, however, that certifications as to costs of fuel, lubrication, normal expenditures for such identified equipment, maintenance, repair and depreciation will be considered as a construction cost.

D. Subcontractor Limits Related to Builder Profit and Overhead

No overhead and builder profit will be allowed when (i) more than fifty percent (50%) of the contract sum in the construction contract is subcontracted to one subcontractor, material supplier or equipment lesser or (ii) seventy five percent (75%) or more with three or fewer subcontractors, material suppliers or equipment lessors.

E. Capital Needs Assessment

A Capital Needs Assessment by an architect or engineer, dated no earlier than ~~90-days~~ six months before the Application deadline, is required for all existing projects. Should the Capital Needs Assessment identify the presence of hazard material, a hazard mitigation plan MUST be submitted in the application and the costs of mitigation included in the project's budget.

F. Processing Projects with Federal Funds or Insurance

Projects receiving Federal Funds or insurance under a Federal program will be reserved credits only after the federal agency advises the LHC or the Corporation in writing that the federal agency providing such funds or insurance has no objections to the reservation of tax credits to the Project.

G. Financing Commitments

Fully executed Financing Commitments including terms of the commitments for all sources of funds must be included with the Application.

H. Legal Description of Project Property Site

- a. **Projects in Urban and Rural Areas-** The legal description and cost of the portion of a site on which the Project is located must be submitted in the Application involving a Project in Urban and Rural Areas. The legal description shall include parish, municipality, subdivision, tracts, section, ranges, boundaries, directions and measurements.
- b. **Scattered Site Projects in Urban Areas-** A Scattered Site Project located in an urban area may identify only the street addresses for each separate site.
- c. **Consistency of Project Description-**The legal description and/or street addresses of the Property Site included with the Application must be consistent with all subsequent documents submitted to the Corporation during the development and operation of the Project. If a material inconsistency in the legal description of the Project Site between the Application Deadline and any reservation or allocation of credits is identified and such inconsistency constitutes a Site Change, the tax credits reserved and/or allocated to the Project will be subject to rescission and/or recapture

- d. **Additional Sites-** No additional sites may be included in a Scattered Site Project following the Application Deadline unless the Project is located in a Redevelopment Area and the local governmental unit requests the addition of new sites within the Redevelopment Area; however, no additional sites may be included in a Project following carryover allocation.
- e. **Map Requirement-** A map identifying the Project Site must be included with all legal descriptions and/or street addresses. The map must show parish, municipality, subdivision, tracts, section, ranges, boundaries, directions, and measurements.
- f. **Project Directions-** Directions to the project site from the nearest major highway must be included in the application.

I. Market Study and Appraisals

LHC Evaluation

Market Studies will be ordered by LHC from approved disinterested market analysts to perform market studies. The approved market analysts must be a member of the National Council of Affordable Housing Market Analyst (NCAHMA) or a similar professional organization. In exercising its discretion, the Corporation will comply with the requirements of Section 42(m)(1)(A)(iv) if in the exercise of such discretion results in the allocation of any housing credit dollar amount which is not made in accordance with the established priorities and selection criteria of the 2015 QAP. The Corporation will make every effort to minimize costliness of the market studies with emphasis on time efficiency.

The Corporation is relying on the information prepared by third party market analysts and is to be held harmless by the action or inactions of the market analysts or their staffs. If there is conflicting information in studies supplied in the same area, a supplemental study may be required by an approved market analyst of the Corporation's choosing during the challenge period. The applicant(s) requiring the supplemental study will be responsible for the cost of the supplemental study.

The Corporation will post its current Housing Needs Assessment to its website at www.lhc.la.gov. Developers are encouraged to utilize this information in evaluating prospective application projects and sites. All market analysts must consider this document in preparing individual market studies.

The Corporation has the right to request additional or further analysis based upon market anomalies. The cost of any additional market studies to reconcile data will be at the developer's expense. Prior to ordering the additional market study, the Corporation will notify the developer and of the cost involved.

The Corporation will not allow a project to restructure (i.e. change the bedroom configuration, rent structure, elderly to family, etc) during the competitive cycle, once the application has been submitted.

Market studies are deemed current for a period of 6-months from date of completion.

The Corporation will limit the number of projects awarded in the same application round to those that it determines can be supported in the market. The Corporation is not bound by the conclusions or recommendations of the market analysts(s) and will use its discretion in evaluating the criteria listed in this subsection.

Project Evaluation and Market Study Information

Market studies must establish the housing needs of low-income individuals in the area to be served by a project and evidence the housing needs of Targeted Households, Large Families, tenants with children, Special Needs Households (if project serves Special Needs Households) in the Market Area and the unmet needs of such individuals and families following the construction and/or development of the Project.

Except as permitted by Section 42(g)(9) of the Code, projects may not give preferences to potential tenants based upon 1) residing in the jurisdiction of a particular government, 2) having a particular disability or 3) being a part of a specific occupational group.

The following five (5) criteria are **threshold requirements** for inclusion in all market studies:

- i. The project's capture rate,
- ii. The project's absorption rate,
- iii. The vacancy rate at comparable properties (what qualifies as a comparable will vary based on the circumstances), and
- iv. The project's effect on existing or awarded properties with 9% tax credits or the LHC or the Corporation loans.
- v. The project's ability to meet housing demand established in the Corporation's Housing Needs Assessment

The Corporation is not bound by the conclusions or recommendations of the market analyst(s) and will use its discretion in evaluating the analysis.

Content of Market Study

In addition to threshold requirements, the Market Study must provide information under noted captions with tabs and an index to locate the following within the Market Study. Information contained in the report must adhere to standard FHA/HUD Guide on Market Studies.

1. **Executive Summary:** A statement summarizing the findings of the market study.
2. **Credentials:** Statement of experience and competence of the market analyst.
3. **Independence and No Identity of Interest:** A certification that the market analyst is independent and has no identity of interest with the developer of the proposed or existing

project and that the market analyst was retained to perform the market study without conditions, including compensation based upon finding market need.

4. **Property Site:** A description of the proposed property site along with a map site identifying area of the Project. Color photographs of the site and neighborhood, a map clearly identifying the location of the project and the closest transportation linkages, shopping, schools, medical services, public transportation, places of worship and other services such as libraries, community centers, banks, etc.
5. **Demographic Analysis:** Analysis of the Income Qualified Renter Demand in the market area.
6. **Market Area:** Geographic definition and analysis of the primary and secondary market area which Project serves including a discussion of the Local/community perspective of rental housing market and housing alternatives
7. **Operations and Development Comparisons:** A description of comparable developments in the market area served by Project, including the following information or analysis, labeled accordingly:
 - a. **Subsidy** whether or not each comparable development is subsidized.
 - b. **Rent Levels and Vacancy:** a description of rent levels and vacancy rates of comparable properties, including subsidized and non-subsidized developments in market area served by Project.
 - c. **Operating Comparisons:** analysis of operating expenses using data from comparable properties in the market area served by Project, if available, or, if not available, using IREM or ULI data.
 - d. **Project Operating Statement:** projected operating funds and expenses of the subject Project.
 - e. **Public Housing:** a summary of (i) the number and quality of units in developments owned by the local public housing authority and a statement concerning vacancy rates and waiting lists and (ii) the number of vouchers administered by the local public housing authority and the estimate of the households on the waiting list for vouchers.
 - f. **Absorption Analysis:** expected market absorption of the proposed rental housing units in the subject Project each month following certificate of occupancy.
 - g. **Market Impact Statement:** A description of the impact of the proposed housing units in the market area, including the impact of the proposed housing units on tax credit and other existing affordable rental housing in market areas.

8. **Federal Housing Agency Coordination:** The Independent Qualified Housing Consultant must identify all multifamily housing developments in the primary market area of the proposed project, which are financed by HUD, RD and the LHC or the Corporation. The consultant must provide a table evidencing the following information for each such project:
- Name of Project
 - Number of Units in Project
 - Type of Federal loan or credit enhancement, e.g., 515 loan, 202, 221(d)(4), etc.
 - Average vacancy rate in comparable projects in prior twelve-month period.
9. **Pipeline Analysis:** Certification of the number of building and demolition permits (or its equivalent) for multifamily housing units issued over the preceding 24 months by the local jurisdiction within which the project is located and that any planned or construction in progress will not adversely affect the market's absorption of the units in the project.
10. **Certification of Demand:** A Certification of Demand for New Units and Conversion executed by the Qualified Housing Consultant.
11. **State of Housing Needs of Low-Income Individuals and Large Family Households:** A statement of housing needs of Large Families and tenant populations with children in the primary market area and the extent there will be unmet needs for such individuals and families following construction/rehab of the Project.
12. **Location Characteristics:** Part II of the Selection Criteria contains a number of positive points and negative points relating to the location of a Project. Each Market Study must include a separate section that evidences whether the Project satisfies the positive points listed or incurs the negative points listed. The decision of the market analyst on location characteristics (neighborhood features) will be final.
13. **Appraisals:** For rehabilitation projects an Appraisal must be submitted establishing the fair market value of any existing property when the purchase price of such property exceeds \$500,000 or the Acquisition Costs of buildings are included in Eligible Basis. Appraisals must be current and cannot be dated prior to -ninety days of the application submission to be deemed current and acceptable.
14. **Sources for Data:** Market analysts must clearly define all sources for data.

Section VI- Post Award Processes & Requirements

A. Post Reservation

Carryover Allocation of Tax Credits

Projects may qualify for a carry-forward allocation of tax credits under the Ten Percent (10%) Basis Exception within twelve (12) months of the date of the allocation. Projects awarded credits from the 2015 credit ceiling will be required to submit carry forward allocation documentation on or before November 15, 2015. Projects that have not met the 10% expenditure test as of November 15, 2015 will receive a "Carryover Allocation Agreement" in lieu of the "Carryover Allocation Certification. Such projects shall have until March 15th of the following year to provide the necessary documentation evidencing their 10% basis expenditure test has been met. Projects awarded credits from the 2014 housing credit ceiling will be required to provide documentation evidencing that their 10% basis expenditure test has been met by June 15, 2015.

Each Carryover Allocation Certification will be done on a Project-Wide basis with a designation stating the appropriate credit ceiling from which the allocation is made.

B. Place in Service Process and Procedure

Place in Service Requirements

The Financing Certification, Syndication Cost Certification, GAAP Audit and Baseline Operating Budget must be received by not later than the April 1st of the calendar year following the year in which the Project is placed in service. The GAAP audit must specifically identify any unexpended contingency construction reserve and any operating/rent up reserve and must be consistent with the Sources and Uses evidenced in an updated LIHTC application. **The carry forward allocation of credits is subject to recapture if required certifications, audit and Baseline Operating Budget are not received by such date.**

The Taxpayer/Owner may request only a one-year extension for submission of the certificates and audits from the Corporation and only if the Taxpayer has elected to begin the first year of the credit period following the year in which the Project is placed in service. Payment of developer fees to CHDO or non-profit partners partnering with a for-profit as a co-developer must be shown as fully paid in the placed in service audit. CHDOs and non-profit partners must receive not less than twenty percent (20%) of the Developer Fee for transactions receiving tax credits.

Fees to CHDO or Non-profit General Partner

Prior to delivery of Form 8609, a for-profit co-general partner with a CHDO or non-profit general partner must certify payment of the fee paid to the CHDO or non-profit general partner is consistent with Development Services Agreement submitted with the Tax Credit Application. Developer Fees to CHDOs or non-profit general partners in connection with projects receiving an allocation must not be less than twenty percent (20%) of the total Developer Fees when funded through the Non-Profit

pool. Fees paid to CHDOs or non-profits, up to 20% of the developer's fee, will not be included in the developer's maximum profit cap. Therefore the total developer's fee may be up to 18%.

Compliance Training Requirements

Taxpayer/Owners will be required to evidence to the Corporation at least ninety (90) days prior to a Project's Placed In Service Date that the proposed on-site manager or the Management Company has completed compliance training within the prior (12) twelve months in a program deemed acceptable to the Corporation in accordance with industry recognized training standards. No Form 8609 will be issued without evidence of such training.

Extended Use Agreement, Compliance Monitoring and Other Requirements

The Corporation has approved the form of a Tax Credit Regulatory Agreement to be dated as of December 31 of the calendar year immediately preceding the first year of the Credit Period, pursuant to which the Corporation requires the Applicant/Taxpayer to fulfill the commitments and representations made in this Application. An Extended Use Agreement in accordance with the Code and Tax Regulations has been incorporated into the Tax Credit Regulatory Agreement. Upon execution, the Tax Credit Regulatory Agreement must be filed in the mortgage/conveyance records of the Parish within which the Project is located.

A separate Compliance Monitoring Agreement also has been approved by the Corporation and must be executed and returned to the Corporation when the Project is placed in service and prior to the Corporation providing Form 8609. The Corporation may impose reporting and record keeping requirements, nondiscrimination regulations, and any other special conditions considered desirable by the Corporation or the U.S. Department of Treasury.

Annual Audits

Taxpayer/ Owners must submit annual audited financial statements to the Corporation, in the format prescribed in the Corporation's audit instructions, the year following the placed in service date of a project. The financial statements must include supplementary information; a schedule of income and expenses using the HUD Chart of Accounts. All cash distributions and withdrawals from operating reserves and/or reserves for replacement must be explained in footnotes to the audit and all payments to related Persons and contractors with an identity of interests to the Taxpayer/Owner must be identified. Annual budgets approved by the Taxpayer and Management Company must be received at least thirty (30) days in advance of the fiscal year. Annual audits must be received within one hundred and twenty days (120) after the end of each fiscal year.

All updated models and audits must be submitted to: LIHTCAnnualAudits@lhc.la.gov

Construction Monitoring and Reports

All new construction projects must implement LHC's Universal and Minimum Design Standards to ensure energy-efficient design and construction practices are utilized. Rehabilitation projects are encouraged to incorporate LHC's Universal Design standards when it is feasible.

The owner and/or developer are required to submit monthly summary reports detailing progress with construction or rehabilitation projects to LHC Construction Monitoring Department. The primary purpose of submitting monthly summary reports is to monitor the progress development financed with assistance from LHC to ensure that all agreements between LHC and the developer/owner are met.

The monthly summary report of construction activities must verify the construction start date, the currently percentage of completion, and provide an estimated completion or place-in-service date as outlined in the LHC Construction Monitoring Report form. Photographic evidence of construction activities may also be requested at LHC's discretion to assure quality of work.

Compliance Monitoring Procedures

LHC has adopted a compliance monitoring procedure in accordance with IRS Section 42(m)(1)(B)(iii). The compliance monitoring procedure is detailed in LHC's Housing Credit Compliance Guide and includes:

1. The record keeping and record retention provisions of IRS Final Regulation Section 1.42-5(b).
2. The owner's annual certification requirement of Regulation Section 1.42-5(c)(1).
3. The on-site review of certifications and support documentation for at least 20 percent of the low-income units in each property at least once every three years in accordance the IRS Section 1.42-5(c).
4. The on-site inspection provision of IRS Section 1.42-5(d).
5. The notification of noncompliance provisions of IRS Section 1.42-5(e), whereby notice is made to owners and the IRS regarding events of noncompliance.
6. The established programs of the projects serving special needs will be monitored on an ongoing basis to determine accordance with the original proposal. Homeless special needs groups will be expected to document program outcomes and results.

The compliance monitoring procedure applies to all projects that receive or have received an allocation of Tax Credits and will continue throughout the 15-year compliance period as well as any extended use period.

Due to the complexities of the Housing Credit program in regard to long-term compliance, LHC strongly encourages the management company of each project to attend on-going training. LHC will periodically provide such training, which may/may not have an associated fee. It is the responsibility of the owner to ensure that the selected management company remains adequately versed in the Tax Credit program.

C. Application Revisions

Notification of Material Change

It is the **applicant's responsibility** to notify the Corporation, in writing via certified US Mail, of any occurrence of a material change in a project. Such notifications must be sent to: *Louisiana Housing Corporation; Attn: Housing Production, 2415 Quail Drive, Baton Rouge, LA 70808*. Notwithstanding any provision of any other program requirements, no project that the LHC or the Corporation determines to have materially changed shall be deemed feasible or viable. **Louisiana Housing Corporation Board of Directors approval is required on all requests seeking material changes in a project.** A material change will be governed by Reasonable Man Standard.

Material Changes After Final Application Deadline: A material change occurring after the Final Application Deadline may result in cancellation of either the tax credit reservation or the carry-forward allocation of tax credits.

Notification of Reprocessing Change

It is the **applicant's responsibility** to notify the Corporation, in writing, of any occurrence of a reprocessing change in a Project. A reprocessing change may occur prior to delivery of Form 8609 to a Project; however, Form 8609 will be withheld until the Taxpayer submits a revised Application and Reprocessing Fee. Following receipt of the revised Application and reprocessing fee, the Corporation will complete a new legal, feasibility and viability review in order to determine any adjustment of maximum qualified basis and/or the tax credits to be allocated to the Project. Projects subject to reprocessing are at risk of credit loss if such Project fails to satisfy the minimum score or if other projects on the waiting list which are not reserved credits have higher scores.

Site Change

Any Site Change will automatically cancel any reservation, commitment or allocation of tax credits to such Project.

Deviations from Selection Criteria in Submitted Application

When an Applicant requests a deviation from the selection criteria in the submitted application and the deviation is not a Material Change as defined by the QAP or a change that a Reasonable Man would determine to materially change the project, the following penalty shall apply:

The developer shall select a substitute benefit or enhancement identified in the selection criteria in the QAP of equal or greater point value, Corporation staff shall consider approval of the request and require the replacement benefit to the project be incorporated into the project, thereby enhancing the project by the same point value. There shall be no additional penalty to the developer.

If the developer or the Corporation determines there is no appropriate substitute project enhancement of equal or greater point value, the developer and all affiliates shall be subject to penalty points in the applicant's next tax credit funding round equal to the point value of the representation that cannot be satisfied.

When an Applicant requests a deviation from the selection criteria in the filed application and the deviation is a Material Change as defined by the QAP or by the Reasonable Man's Standard, the

following penalties shall apply (e.g. Applicant got funded when someone else would have gotten funded).

1. The developer shall select a substitute benefit or enhancement in the QAP of equal or greater point value, the Corporation's Board of Directors may approve the request and require the replacement benefit to the project be incorporated into the project, thereby enhancing the project by the same point value. There shall be no additional penalty to the developer.
2. If the developer does not select a substitute benefit or enhancement in the QAP of equal or greater point value:
 - a. The developer may surrender its allocation and there shall be no additional penalty to the developer.
 - b. If the developer does not surrender the allocation and no substitute selection criteria is selected, the developer and all affiliates shall be subject to penalty points in a single application in the applicant's next tax credit funding round equal to three times the point value of the selection criteria that cannot be satisfied.

Applicants requesting more than one (1) Material Change relating to selection criteria in a single funding cycle shall be subject to a one year suspension from the applicant's next tax credit funding round.

Any Material Change requested due to the reliance on a representation made by a Governmental Corporation remains at the discretion of the Board and the penalties, if any, to be assessed by the Board. Such reliance will not permit a site change. Any site change will automatically cancel any reservation, commitment or allocation of tax credits to such project.

The Board may waive penalties in extraordinary circumstances.

Notwithstanding the above, the Applicant/Developer must notify the Corporation of any changes to the project, including but not limited to unit mix and development type. It is the Applicant's responsibility to provide required public notification of any such changes.

Management Company Updates

The Management Company of record for the project will be required to provide to the Corporation, electronically, through a Corporation approved medium any changes in contact information as well as but not limited to information on number of vacancies and unit mix.

D. Returned/ Reallocated Tax Credits

Reallocation of Recaptured Tax Credits Based Upon Housing Discrimination

Tax Credits which are recaptured from a Taxpayer will be reserved automatically to a project in an amount approved in a reprocessing of the Project Application upon receipt of all of the following:

1. Evidence that HUD or the Department of Justice has determined to proceed to process a complaint of housing discrimination because such a complaint has merit based upon evidence contained or certified in such complaint;
2. A revised application;
3. An opinion of tax counsel to the Taxpayer that the project remains qualified for a Tax Credit reservation;
4. A report that the project remains feasible and viable at the time of the reallocation; and
5. If additional credits are available, and additional soft costs have been incurred in the defense of housing discrimination, these costs may be included in the feasibility/ viability analysis in an amount not to exceed the actual cost and the amount that the Corporation has currently available and subject to underwriter and Corporation review.

Return/ Reallocation Protocol

Every request for a voluntary credit return/reallocation must be formally submitted in writing. Each voluntary credit return/reallocation request will be evaluated by staff and placed on the upcoming Board agenda for Board consideration. If the request involves any material changes, approval for the material change will be included in the board material package. The Board of Directors will be required to provide approval to allocate any credits from the current housing credit ceiling but under the rules of the QAP from which the returned credits were originally allocated.

Analysis

1. Circumstances requiring the return/reallocation: Identify the circumstances requiring the request such as third party involvement, material changes to the project, delays in the project schedule or benchmark dates;
2. Foreseeable circumstances: Identify any measures the developer has taken to prevent or resolve the circumstances, determine whether circumstances resulted from force majeure or circumstances beyond the control of the developer/owner; and
3. Consequences of disapproval: Identify what effects, if any would occur if the request for return/reallocation is not approved, determine what other options are available to the project.

Procedure

1. Staff alerts the Program Administrator of the receipt of any request to voluntarily return a prior year credit in exchange for an allocation from the current housing credit ceiling;

2. If a reprocessing or material change is involved, required application with back-up documents are forwarded to the underwriter;
3. Staff reviews formal requests using the aforementioned factors and provides a project summary to LHC Administration that includes a recommendation to approve or disapprove the voluntary return/reallocation;
4. The voluntary return/reallocation request is included on the upcoming agenda of the Board of Directors. The request to approve any material changes and the return/reallocation will be included in the resolution summary;
5. Outcome of any such request documented in the project file and on the non-closed project report;
6. Taxpayer/owner provided written correspondence advising of the outcome of the request; and
7. Upon approval of a reallocation of credits developer/owners become subject to an award fee equivalent to 5% of the reallocated credits.

E. Other Information

Reasonable Professional Fees and Other Soft Costs

The Corporation retains the right to determine safe harbors for reasonable professional fees and other soft costs that may be included in a project's development cost budget unless otherwise specified in the QAP. Absent compelling reasons that professional fees and other costs should exceed such safe harbors, any professional fee or soft cost in excess of Corporation approved safe harbors will either be excluded from the development cost budget in determining the gap for tax credit underwriting purposes or will be deemed to be paid through a deferred developer fee.

Quality Production

The Corporation will require each Taxpayer's Architect to certify that the design and materials used to submit the Estimate and Certificate of Costs with the application satisfy the State's new building code.

Special Requirements for Acquisition/ Rehab Projects

1. **Audited Financials of Project from Seller:** The latest project audit and financials of a project prior to its transfer by the seller to a purchaser applying for Credits must be submitted to verify operating, reserves for replacement and other reserve balances immediately prior to the project's sale to the purchaser.
2. **Sales Price with Related Persons in Seller and Purchaser:** If there is a related person or IOI person in both the seller and the purchaser, the sale price shall not exceed appraised value

without approval by the Corporation. Any reserve balances retained by the seller in an acquisition/rehab of a project having a related person or IOI person in both the seller and the purchaser shall reduce the sales price taken into account for gap analysis purposes in an amount equal to the difference between the appraised value and the sum of the sales price and such seller retained reserves.

3. Ten Year Title History: Any taxpayer applying for LHC Program Resources must submit (i) a ten year title history of all property, (ii) a summary of the parties owning and purchasing such property within such ten year period and (iii) the price paid by each owner or purchaser of the property within such ten year period.

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Section VII- References

Appendix A- Glossary

Appendix B- Selection Criteria

Appendix C- Minimum Design Standards (New Construction & Rehabilitation)

Appendix D- Compliance Monitoring Agreement

Appendix E- Asset Management

Appendix F- Fair Housing