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2016~~5~~ 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 "**201~~5~~6 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 201~~5~~6 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 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.

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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 201~~5~~6 QAP is scheduled to be adopted by the Directors of the Board at the ~~December 10, 2014~~September 9, 2015 meeting. The QAP will be posted to the Corporation's website by no later than Noon, CT on Thursday, ~~December 11, 2014~~September 10, 2015. Applicants will be allowed to submit written questions to the QAP only until ~~Wednesday, December 17, 2014~~Monday, September 14, 2015 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.

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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

There will be two (2) funding rounds for the 2016 Credit Ceiling. Reservations approved at the November 10, 2015 board meeting will contain approximately half of the ~~The~~ State's 201~~5~~6 housing credit ceiling will be forward allocated and divided between the Qualified Non-Profit/CHDO Pool and through the General Pool.

Qualified Non-Profit/CHDO Pool: At least ~~ten percent (10%)~~ $750,000 of the 201~~5~~6 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~~4,250,000.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 a minimum or at least 10% allocation. Therefore, funds from the QNP/CHDO pool will not be collapsed into the General Pool.

Allocation Pools	2015 Approximate Amount

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Qualified Non-Profit/ CHDO Pool	~~$1,050,000~~$750,000
General Pool	~~$9,450,000~~$4,250,000
Total	**$~~10,500,000~~5,000,000**

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 to the highest scoring projects. 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

Project and Developer Limits: No project will be reserved Credits in excess of $750,000 from the 201~~5~~6 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 $1,500,000 under the 201~~5~~6 housing credit ceiling.

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.

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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~~ required 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.

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A. 9 Percent Competitive Application Process

The application deadline is 4:30 pm, CST, ~~Monday, March 16, 2015~~Wednesday, September 30, 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~~Friday, October 2, 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

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
August 12, 2015		Presentation of Draft QAP to Board of Directors
August 14, 2015		Statewide Publication of Draft QAP/ Public Hearing Notice
August28, 2015		Official Public Hearing (Quail Drive Location)
September 9, 2015		Board adopts Final QAP- Submission to Governor
September 11, 2015	Preliminary Site Information and Market Study Fee due, if required	
September 14, 2015	Deadline for submitted written QAP questions	
September 18, 2015		Posting of FAQ and Application Workshop
September 30, 2015	Application Deadline	
October 2, 2015	Application Fee Deadline	
October 16, 2015		Posting Preliminary Ranking and Scores
October 16, 2015	Begin Challenge Period	
October 30, 2015	End Challenge Period	
November 4, 2015		Post Challenge Scores sent to applicants
November 6, 2015	Appeal Packet Submission	
November 10, 2015		Approval of Final Rank, Scoring and Reservation of Tax Credits

*Note: All 9% applicants for the 201~~5~~6 Funding Round will be required to submit general project site information electronically ~~through the on-line application~~to qapcomments@lhc.la.gov by no later than ~~March 2~~September 11, 2015. Specific details regarding the submission of such information will be provided at the Application Workshop scheduled for ~~January 22~~September 18, 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~~October 16, 2015-October 30, 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~~ October 30, 2015for 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 ~~May 13, 2015~~November 4, 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

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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~~ 2016 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~~2016. Any Credits returned in calendar year ~~2015~~ 2016 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~~ 2016 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.

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Appeals Committee

A committee composed of a revolving ~~three~~ five (~~3~~5) member panel of three (3) board directors and two (2) staff members 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~~November 6, 2015.

No information other than requested supplemental clarifying information during the challenge period will 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

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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.

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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~~Friday, October 2, 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
$4,500

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

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Subsidy Layering/ PIS Cost (Note: If HUD or RD Housing Assistance or other Government Assistance is provided to Project a Subsidy Laying 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.

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

Fees & Penalties

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Fee Type/ Penalty Amount	
General Noncompliance	**$55.00**
Subsequent Review Fee	$55.00 per hour*
Missed Deadline	$55.00 per day*; $100 per day (physical inspection critical violation correction deadline)
Report Late Submission	$100.00
Re-inspection Fee	$110.00 per hour* Standard Mileage & Overnight Accommodations, if applicable Meal allowance in accordance w/ applicable federal regulations
Copy (hard copies)	$.15 per copy
Research Fee	$55.00
Missed Inspection Fee (without 48 hours notice)	$250.00
Report Manual Submission Fee	$40.00 per unit (AOC & QOR); $100.00 flat fee (DFAR)
Building Disposition/Transfer Fee	$5,000 (QCT sale); $1,750 (Regular Sale); and $1,000 (Traansfer)

Utility Allowance Request Fee	$150.00 per development, per request
Staff Unit Request Fee	$500.00 per request (Common Area>Residential Rental only)
Insufficient Fund Fee	$40.00

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D. Underwriting Guidelines

Pro Forma Cash Flows

All Projects must submit ~~fifteen (15)~~thirty-five (35) 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

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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. 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 reserves should equal four months of projected operating expenses plus debt service payments and annual replacement reserve payments.
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

1. **Site Control**: Site control is required at time of application and may be documented by a fully executed purchase agreement, an option to purchase, extended term lease 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

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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.

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~~Rural Development~~Federally funded ~~R~~rehabs will be allowed a waiver of the minimum threshold requirements on rehabilitation projects only if ~~RD~~federal funding agency 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

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submit a Part II from the Louisiana Office of Cultural Development Division of Historic Preservation by carryover date.

B. Special Requirements for Acquisition/ Rehab Projects Threshold Requirements

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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.~~with the application submission.

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 parities 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 must be included with the application submission.

~~B.~~C. 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

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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;

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 project schedules by greater than ninety days as of March 16, 2015 (final application date) on existing projects at the Corporation.

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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.

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.

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.

~~C.~~D. 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~~August 14, 2015 to September 30, 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~~September 11, 2015 at 4:30 PM CT to qapcomments@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

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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.

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b. Maximum Average TDC Per Unit by Development Type:

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

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 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.

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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.~~E. 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

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or equipment lesser or (ii) seventy five percent (75%) or more with three or fewer subcontractors, material suppliers or equipment lessors.

~~E.~~F. Capital Needs Assessment

A Capital Needs Assessment by an architect or engineer, dated no earlier than 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.~~G. 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.~~H. Financing Commitments

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

~~H.~~I. 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;

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however, no additional sites may be included in a Project following carryover allocation. The application submission must identify the site locations and total development costs for the project as proposed.

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.~~J. 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.

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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 closet 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 of 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.

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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:

   a. Name of Project
   b. Number of Units in Project
   c. Type of Federal loan or credit enhancement, e.g., 515 loan, 202, 221(d)(4), etc.
   d. 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 IV 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.

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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~~ forward allocated credits from the 201~~5~~6 credit ceiling will be required to submit carry forward allocation documentation on or before ~~November~~ June 15, 201~~5~~6. Projects that have not met the 10% expenditure test as of ~~November 15~~June 15, 201~~5~~6 will receive a "Carryover Allocation Agreement" in lieu of the "Carryover Allocation Certification. Such projects shall have until ~~March~~ November 15, 2016~~th of the following year~~ to provide the necessary documentation evidencing their 10% basis expenditure test has been met. Projects awarded credits from the 201~~4~~5 housing credit ceiling will be required to provide documentation evidencing that their 10% basis expenditure test has been met by ~~June~~ November 16, 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

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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.

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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.

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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.

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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.

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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.

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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**~~

4. ~~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.~~

5. ~~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.~~

6. ~~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 parities 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

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Appendix A

2015 Qualified Allocation Plan Glossary

2415 Quail Drive, Baton Rouge, LA 70808
Main: 225-763-8700 | Toll-Free: 888-454-2001
Business Hours: 8:00 a.m. to 4:30 p.m. CST Monday- Friday

Glossary

ABANDONED UNIT: A unit which has been certified by the Developer/Owner and the local jurisdiction within which the unit is located that the unit is Substandard and has not been occupied for at least one hundred and eighty (180) days or is designated as an LLT unit and has not been redeveloped. Evidence must be submitted with the Application that the local jurisdiction specifically identified the unit and stated that the unit is substandard and has been vacant for at least one hundred and eighty (180) days. The Capital Needs Assessment must indicate that the total value of the combined abandoned units are valued at no less than 10% of the total development costs of the proposed new project.

ABANDONED PROJECT: A project consisting of at least twenty (20) units and in which 100% of the units are Abandoned Units as defined by the QAP. The Capital Needs Assessment must indicate that the total value of the combined abandoned units are valued at no less than 10% of the total development costs of the proposed new project.

ACCESSIBLE: A site, building, facility or portion thereof that complies with the accessibility requirements of the Fair Housing Act and is handicap adaptable.

ACCESSIBLE UNITS: Units which satisfy Section 504 of the Rehabilitation Act of 1973 and fully meet the handicap accessibility requirements of the Uniform Federal Accessibility Standard.

ACQUISITION COSTS: The actual costs of the buildings on the Property Site prior to rehabilitation of such buildings plus any additional indirect costs of acquiring the buildings.

ACQUISITION COST BASE: The Acquisition Costs exclusive of any Developer Fee or Acquisition Fee.

ACQUISITION FEE: Any fee, other than a broker fee paid to an independent professional broker listing the Project, for arranging the purchase of the building or Project for which tax credits are requested.

ADAPTABLE: The flexibility of certain building spaces to add features or adjust elements in a short time by unskilled labor without structural or material changes to accommodate the needs of persons with different types or degrees of disability. Examples of adaptable features include counter tops or closet rods that are supported by adjustable supports rather than built into the wall at a fixed level.

ADDITIONAL AFFORDABILITY PROJECT: A Project that agrees to have a set aside equal to twenty percent (20%) set asides for households in each of the following income classes:

(a) at or below twenty percent (20%) or less of the AMI,
(b) above 20% AMI but less than or equal to thirty percent (30%) of the AMI and
(c) above 30% AMI but less than or equal to forty percent (40%) of the AMI and
(d) above 40% AMI but less than or equal to fifty percent (50%) of the AMI.

AFFILIATE: Any corporation, entity, partnership, venture, syndicate, or arrangement in which a local housing authority has an ownership or governance interest of less than a majority either directly or indirectly through one or more subsidiaries.

ADVANCE RESERVATION (FORWARD COMMITMENT): A reservation of credits from a credit ceiling in a calendar year following the competitive funding round in which a project has been evaluated.

AMENITIES: Equipment and/or facilities which are for the exclusive benefit of the residents and which are not essential to constituting a residential rental unit and which are not being submitted as a Community Facility. Examples of such amenities are: 1) recreational facilities such as basketball or tennis courts, 2) swimming pools, 3) learning centers, 4) family counseling facilities, 5) gates accessible only with ID or other device and 6) non-essential appliances, e.g.: built-in dishwashers, clothes washers and dryers and microwave ovens. (Air conditioning or heating systems are not considered an amenity). Amenities that are constructed in one phase of a multiple phase project qualify as an amenity in all subsequent phases of such project.

AMI: Area median income as determined by HUD and as may be adjusted by family size.

ANALYSIS FEE: The fee by that name as calculated in accordance with the Non-Refundable Fee Schedule.

APPLICATION CHECKLIST: The form by that name contained in the Application for Tax Credits.

APPLICATION FEE: The fee by that name as calculated in accordance with the Non-Refundable Fee Schedule.

ASSET MANAGER: The Corporation or a third party asset manager selected by the Corporation.

AUDIT INSTRUCTIONS: The instructions to be posted to the Corporation's web site and to be used by an independent CPA to submit placed in service and annual audits.

BASELINE OPERATING BUDGET: The budget established for a project during the first year of the Credit Period that is formatted in accordance with the Corporation's Chart of Accounts.

BEDROOM: An area of a unit to be used for sleeping and not primarily for family activities other than sleeping.

BUILDER: The licensed general contractor or any other entity executing a contract with the Developer/Owner to construct and/or rehabilitate a housing unit.

BUILDER OVERHEAD: Portion of a general contractor's expenses necessary to conduct business which directly concerns the Project and may include such items as office rent, fuel, lights, telephone and telegraph, stationery, office supplies, fire and liability insurance for the office, salaries of office employees such as a bookkeeper, social security taxes, public liability insurance, workmen's compensation insurance, and unemployment compensation taxes for office personnel. The allowance does not include salaries of the builder or executives of the builder.

BUILDER PROFIT FEE BASE: The construction hard costs specified in the Estimate and Certificate of Actual Cost which hard costs must be audited by an independent certified public accountant in accordance with generally accepted auditing standards utilizing generally accepted accounting principles and reduced by any General Overhead.

BUILDING: A discrete edifice or other man-made construction consisting of an independent foundation, outer walls and roof.

CAPITAL FUNDS: Funds appropriated to the Local PHA to carry out capital and management activities in accordance with the provisions of Section 9 of the United States Housing Act of 1937, as amended

CAPITAL NEEDS ASSESSMENT: An inspection report of an existing building or project by an architect or engineer conducted in accordance with Fannie Mae's Capital Needs Assessment Guidance to the Property Evaluation which (i) identifies the age and condition of the building or project and related major systems (including climate control equipment, plumbing and fixtures, cooking and other kitchen equipment, roofs, exterior siding and electrical systems), (ii) specifies the required repair and/or rehabilitation of the buildings and systems (including the estimated costs of each) over at least twenty years following the Placed in Service Date, (iii) estimates the useful remaining life of the project and related major systems following their repair, (iv) specifies the minimum amount which must be deposited to the repair and replacement reserve over twenty years to maintain property quality and habitability standards and (v) either identifies the presence of environmental hazards, such as asbestos, lead paint and mold on the property or contains an Exhibit A Phase I Environmental. Note: No project will be awarded credits if hazardous materials are identified without a hazard mitigation plan submitted with the application and costs accounted for such plan in the project budget. The Capital Needs Assessment cannot not be dated prior to six months of the application due date.

CAPITAL RECOVERY PAYMENT(S): The monthly payments, or, if no cash exists for the payment thereof, the monthly accruals to reimburse the Owner, with interest, for the capital contributions made by Owner.

CAPITALIZED COSTS: The expenditures relating to the acquisition, rehabilitation or construction of a building and any facilities functionally related and subordinate thereto which may be included in the adjusted basis of the building for depreciation.

CARRYOVER ALLOCATION: A commitment by the Corporation following receipt from the Taxpayer of the ten percent (10%) carryover certification of a portion of the current calendar year credit authority to a project that will not be placed in service by the end of the current calendar year. Projects receiving a carryover allocation must be completed and placed in service in accordance with the Project Schedule and not later than two years after receiving a carryover allocation.

CASH FLOW NOTE: Any evidence of indebtedness which is issued or assumed in connection with the acquisition or construction of a building and which (i) is not payable in whole or in part in accordance with a fixed amortization schedule or (ii) is payable in whole or in part only to the extent of profit or the cash flows of the Project.

CDBG FUNDS: Community Development Block Grant Funds.

CHART OF ACCOUNTS: The standard chart of accounts to be posted to the LHC's or the Corporation's website and which will be used to submit annual audits of a project to the LHC or the Corporation.

CHDO: A community housing development organization as defined at 24 CFR Part 92.2 of the Federal Regulations.

CLOSING DATE: The date that title to the Project transfers to the Taxpayer if not previously conveyed to the Taxpayer and date on which the Construction Contract, all financing agreements and final notes are

executed and all mortgages are recorded (or, if not actually recorded, delivered to a recordation agent for recording as appropriate title policies are released).

CODE: The Internal Revenue Code of 1986, as amended.

COLLAPSED STATEWIDE POOL: Pool comprised of the balance of remaining funds from any collapsed pool for reservation to unfunded qualifying applications in statewide rank order. Any unfunded projects remaining in a pool, after the pool collapse, will be transferred to the Collapsed Statewide Pool for consideration. The Collapsed Statewide Pool may not be selected as a pool option.

COMMUNITY FACILITIES: Facilities located on the Project Site which are functionally related and subordinate to a Project and which are intended to primarily (not exclusively) benefit tenants of a Project but which are available to neighborhood residents without charge or a fee. Community facilities must be relative to the type of project and number of units and in compliance with locale codes. It must contain at least 15 net square feet for each residential units. It must also have a kitchen or kitchenette that will be available to all residents. Community facilities may not be amenities. If a Project is a phase of a larger development, only the Community Facility identified on the Project Site of the phase may qualify as a Community Facility for that phase only and shall not be qualified for any other phase. **(Excluded from receiving Community Facility Selection Criteria points are Scattered Site Rental Projects on Non-Contiguous Land and all Homeownership Projects including lease-to-own projects.)**

COMMUNITY SERVICE FACILITY: Any facility which is (i) located in a Qualified Census Tract and (ii) designed to serve primarily individuals whose income is sixty percent (60%) or less of area median income within the meaning of section 42(g)(1)(B) of the Code by satisfying the following conditions:

1. The facility must be used to provide services that will improve the quality of life for community residents.
2. The taxpayer must demonstrate that the services provided at the facility will be appropriate and helpful to individuals in the area of the project whose income is 60 percent or less of area median income. This may, for example, be demonstrated in the market study required to be conducted under §42(m)(1)(A)(iii), or another similar study.
3. The facility must be located on the same tract of land as one of the buildings that comprises the qualified low-income housing project.
4. If fees are charged for services provided, they must be affordable to individuals whose income is 60 percent or less of area median income.

COMPLETION DATE: The last date permitted in the Construction Contract for completing construction and /or rehabilitation.

~~**CONCERTED COMMUNITY REVITALIZATION PLAN:** A plan, made up of measurable and/or tangible objectives, approved by a local governmental unit following a public hearing which describes an area , draws attention to the area's condition, states the incentives and the measures to coordinate and target resources to the area for purposes of redeveloping or revitalizing the area and identifies the strategies, financial resources (other than financing for the housing development at issue), and organizations to implement revitalization. An executed resolution must be included in the application submission in addition to the aforementioned plan as evidence of local governmental approval.~~

CONSTRUCTION CONTRACT: The agreement between the Developer and the Contractor for construction and/or rehabilitation of the Project.

CONSTRUCTION DOCUMENTS: Architectural and Engineering drawings and specifications, addenda, change orders and other documents related to the design, construction and completion of a project.

CONSTRUCTION START DATE: The date on which construction work pursuant to a construction contract actually begins.

CONTACT PERSON: The person listed as the Contact Person by the Taxpayer in the Tax Credit Application or such substitute individual specified in writing by the Managing General Partner or Managing Member. The Contact Person may not be a professional who will render any independent and/or unqualified professional opinion to or the Corporation.

CONTINGENCY FEE: A fee to be earned by a Developer or other professional in consideration of achieving a specified benchmark for earning such fee.

CONSTRUCTION CONTINGENCY: An amount not in excess of the lower of ten percent (10%) of the Hard Cost or such lower amount as may be determined by or the Corporation as reasonable for the construction or rehabilitation of a project.

CONTRACTOR: The person who is licensed as a general construction contractor by the state and who has executed a construction contract with the Taxpayer.

CONTROL: Having the capacity or the power to designate 25% or more of the board or management of an entity or general partner of a limited partnership.

CONVERSION: The process of rehabilitating a nonresidential building to residential rental use.

CREDIT CEILING: The dollar amount of credits available in a calendar year for allocation by or the Corporation.

DEBARRED PARTICIPANT: Any developer, person, company, firm, staff or development team member or employee thereof, who (i) is currently debarred, suspended, declared ineligible or is prohibited from participating in any housing program sponsored by any federal agency, local government or instrumentality thereof or (ii) is convicted or pleads guilty to any criminal offense related to the construction, development, ownership, management or operation of a housing development.

DEBARMENT CAUSES: Providing fraudulent documents or committing fraudulent acts, failing to fulfill reasonable Corporation requests in a prescribed time period following expenditure or use of the Corporation resources, or having a controlling ownership interest in a project determined to be in material non-compliance with any federal, state or local requirement related to the development or operation of such project. Other causes may be determined by the Corporation to constitute cause for debarment following an appropriate administrative hearing on the record which permits the person subject to sanction an opportunity to contest the facts specified as the debarment cause.

DEBARMENT PROCEDURES: The procedures established by the Corporation pursuant to which the compliance division recommends debarment of a Developer to the LHC's or the Corporation's Executive Counsel and upon the Corporation's Executive Counsel's concurrence with such recommendation the Board of Directors approve the debarment following an opportunity of the Developer to contest the recommended actions at a public meeting of the Corporation's Board of Directors.

DEBARMENT SANCTION: Includes, but is not limited to, suspension from participation in the Corporation programs, cancellation of reservations or commitments, funding of additional escrows, etc. Corporation applied sanctions may be reported to other state, federal or local governments, or instrumentalities thereof.

DEBT SERVICE RATIO: Payments on any amortizing mortgage secured debt divided by the sum of all operating expenses plus Required Reserve Deposit.

DELTA PARISHES: Caldwell, East Carroll, Franklin, Madison, Morehouse, Ouachita, Pointe Coupee, Richland, Tensas, West Carroll.

DEVELOPER: Any person or entity (including persons or entities which constitute Related Persons to such person or entities or have an identity of interest with such person or entity) which owns or develops a Project, including any general partner of a partnership, any Builder related to or having an identity of interest with the person or entity which owns or develops the project and any consultant receiving any fee or compensation to assist in the development of a Project.

DEVELOPER FEE: Any profit, fee or income realized by the Developer in connection with the development of the project as specified in a GAAP Audit and which satisfy the Developer Fee Terms.

DEVELOPER FEE BASE: The Development Costs of a Project reduced by (i) any Acquisition Costs, (ii) any Land Costs, (iii) any payments deemed lease payments for self-owned equipment, (iv) any payments to related persons or to persons with an identity of interest to the Developer, and (v) any Developer Fees (including Builder Profit and Overhead when there is an identity of interest between the Builder and the Developer).

DEVELOPER FEE TERMS: The fees and income of a Developer as may be specified in the Development Services Agreement between a Developer and the Taxpayer which must meet the following requirements and/or include the following information:

1. The fee is reasonable and does not exceed the limits on Developer Fees established by the LHC or the Corporation;
2. The taxpayer is legally obligated to pay the fee;
3. The portions of the fee, if any, allocable to Land Costs, Organizational Costs, Acquisition Costs and Syndication Costs;
4. The fee is not paid (or to be paid) by the taxpayer to itself; and
5. If the fee is paid (or to be paid) by the taxpayer to a related person, and the taxpayer used the cash method of accounting, the taxpayer could properly accrue the fee under the accrual method of accounting (considering, for example, the rules of section 461(h) of the Code).

DEVELOPMENT COSTS: The costs of acquiring land or buildings or constructing and/or rehabilitating buildings and facilities functionally related and subordinate to such buildings as certified in a GAAP Audit by an independent certified public accountant in accordance with generally accepted auditing standards utilizing generally accepted accounting principles as of the placed in service date of the building or as of the end of the first year of the credit period for the building.

DEVELOPMENT PLAN OF ACTION: A plan of action to redevelop an area defined by a local governmental unit or Qualified Non-Profit organization in accordance with the requirements of Section 42(i)(3)(E) of the Code.

DEVELOPMENT SERVICES AGREEMENT: The agreement(s) with a Developer, including any consultants, evidencing (i) the Developer Fee Terms, including the amount of the Developer Fee and how it's to be paid, (ii) how the Developer Fee will be determined, (iii) who is the Developer and the Developer's relationship to the Taxpayer or to the general partner of the Taxpayer, (iv) the individuals controlling the Developer who are primarily responsible for performing the services of the Developer and (v) the nature of the services to be performed by the Developer.

DEVELOPMENT TEAM: Any party identified in the Application as such or any other party identified who advances funds to the Developer or Taxpayer prior to an allocation.

DIFFICULT DEVELOPMENT AREAS: Areas designated by HUD as an area which has high construction, land, and utility costs relative to area median gross income.

DISABLED HOUSEHOLD: A household composed of one or more persons at least one of whom has: (1) a disability as defined in Section 223 of the Social Security Act or (2) is determined to have a physical or emotional impairment that is expected to be on long-continued and indefinite duration and the impairment substantially impedes his/her ability to live independently, and is of such a nature that such ability could be improved by more suitable housing conditions **OR** (3) has a developmental disability as defined in Section 102 of the Developmental Disability Assistance and Bill of Rights Act.

DISABILITY EQUIPPED UNITS: Units which satisfy Section 504 of the Rehabilitation Act of 1973 and fully meet the handicapped accessibility requirements of the Uniform Federal Accessibility Standard.

DISTRESSED PROPERTY: Any federally-assisted building for which a waiver of the ten year period described in Section 42(d)(2)B)(ii) is obtained or a building which qualifies for such a waiver but for the building having been last placed in service more than ten years prior to the Application deadline or any federally funded project (such as USDA, HUD or PHA) placed in service 15 years or earlier from the Application Deadline which project requires rehab (exclusive of soft and intermediary costs) of $20,000 or more per unit.

DSS: The Louisiana State Department of Social Services.

ECONOMIC LIFE: The maturity of any debt funded by either HUD or RD; provided that economic life shall not exceed fifty-five (55) years or the period which may be reported for federal income tax purposes as the economic life of a building.

ELDERLY HOUSEHOLD: A household composed of Elderly Persons; provided that a non-Elderly Person may reside in the household only if such household qualifies pursuant to the Fair Housing Act.

ELDERLY HOUSING PROJECT: A project included under the Fair Housing Act determined to be Elderly Housing.

ELDERLY PERSON: A person who is 62 years of age or more at the time of initial occupancy.

ELIGIBLE TARGET POPULATION FOR PERMANENT SUPPORTIVE HOUSING:

(i) A member of the household has a substantial, long-term disability including but not limited to serious mental illness, addictive disorder, developmental disability, physical, cognitive, or sensory disability or disabling chronic health condition that qualifies them for Medicaid-funded supports and services operated by the DHH program offices for Behavioral Health, Developmental Disabilities or Aging and Adult Services.

(ii) A household shall be considered to be in need of permanent supportive housing if a member has a physical, mental or emotional impairment which is expected to be of long-continued or indefinite durations, substantially impedes their ability to live independently without supports; and is or such a nature that such ability could be improved by more suitable housing conditions.

(iii) The household's income is 50% or below of Area Median Income.

EQUITY: Funds which are provided by investors in a project and which are contingent upon the value attributed to the tax benefits generated by ownership of the project.

EXCESS PROPERTY PURCHASE COST: Determined to exist when a development property sale is between a seller and a taxpayer who are related or have an identity of interest.

EXISTING HOUSING: Housing units which have previously been occupied.

EXPENDITURES EXCLUDED FROM ELIGIBLE BASIS:

(A) Items noted in the IRS Audit Guidelines, including Land Costs and the following enumerated items:

- Organization Costs
- Syndication Costs
- Bridge loan interest and origination fees
- Permanent loan credit enhancement, origination fees and closing costs
- Reserves required by the lender
- Marketing/advertising
- Compliance fees

(B) Items noted in Internal Revenue Service National Office Technical Advice Memorandums Nos. 100727-00; 100740-00; 100743-00; 100745-00; and 100748-00; including the following:

- Developer Fees Allocated to Land
- Unused Construction Contingency
- Rent up Costs
- Local Impact Fees (See "C" below which reverses this treatment)

- Landscaping not affected by replacement of building and considered inextricably associated with the land
- Surveys not used to determine if improvements can be built on site
- Bond Issuance Costs
- Partnership Syndication and Formation

(C) Revenue Ruling 2002-9 now requires impact fees incurred by developer of residential rental building to be capitalized under Section 263A as indirect costs allocable to the building.

EXTREMELY LOW INCOME HOUSEHOLDS: Households in which the household income at initial occupancy is thirty percent (30%) or less of area median income.

FACILITY: A least consisting of a building commensurate with the activities to take place or the services to be provided therein.

FEDERAL HOUSING ACT: The United States Housing Act of 1937, as amended through April 1, 2005.

FEDERALLY ASSISTED BUILDING: Any building which is substantially assisted, financed or operated under Section 8 of the United States Housing Act of 1937, Section 221(d)(3), 221(d)(4) or 236 of the National Housing Act, Section 515 of the Housing Act of 1949, or any other housing program administered by the Department of Housing and Urban Development or by Rural Housing Service of the Department of Agriculture.

FEDERALLY SUBSIDIZED BUILDINGS: Federally Subsidized Buildings are only buildings financed with tax-exempt bonds under Section 103 of the Code. Any below market Federal loan will not cause a building to be Federally Subsidized.

FHA LIMITS: The 203(b) limits for FHA insurance of single family housing as published by HUD.

FINAL ALLOCATION: The issuance of Form 8609 to the Taxpayer. The Corporation must adjust the amount of tax credits specified in a reservation or a carryover allocation based upon the feasibility/viability review and subsidy layering review as of the project's placed in service date.

FINANCING CERTIFICATION: A certification by the Taxpayer on the form provided by the Corporation which specifies among other matters (a) Sources of Funds for a Project, (b) Syndication Information, (c) Subsidies provided to a Project and (d) amounts allocated to various development costs as of Application, reservation and placed in service dates.

FLEXIBLE FUNDS: Funds made available by or through the Louisiana Housing Corporation that do not impose either rent or occupancy restriction on any units other than Maximum Low-Income Units.

FOSTER PARENT HOUSEHOLD: A household providing shelter to an unrelated child who was assigned for foster parenting to such household by the Department of Social Services.

FRAIL ELDERLY: An elderly person with at least one impairment in *Activities of Daily Living* and/or multiple impairments in instrumental *Activities of Daily Living* as determined by DSS/DHH or the DHH/DSS.

GAAP AUDIT: An audit in accordance with generally accepted auditing standards performed by an independent certified public accountant.

1. At Placed in Service Date: At a minimum a GAAP Audit as of a project's placed in service date must contain:
   a) an audit of the certificate of actual cost in accordance with generally accepted auditing standards utilizing generally accepted accounting principles evidencing no line item with a "to be paid" amount in excess of five percent (5%) of such line item excluding the non-profit developer fee;
   b) an audit of the sources and uses through the Placed in Service Date of a project specifying separately (i) uses to be included in eligible basis, (ii) land costs and costs properly capitalizable to land, (iii) Acquisition Costs, (iv) Organizational Costs, (v) Syndication Cost paid by the Taxpayer and (vi) Developer Fees which are properly allocable to (iii), (iv) and (v);
   c) an identification of all identities of interest and related persons to the Taxpayer receiving payment from the Taxpayer; and
   d) an identification of all subcontractors owned in whole or in part by employees of the developer or the contractor and a statement of the percentage of construction costs subcontracted to a subcontractor.

2. Annual Audit: At a minimum a project's annual audit must (i) identify all transactions involving related persons, (ii) distinguish operating expenditures from capital expenditures, (iii) specify Surplus Cash and (iv) include supplement information on income and expenses using the HUD Chart of Accounts.

GENERAL REQUIREMENT BASE: Hard cost plus bond premium and miscellaneous fees paid by contractor.

GENERAL REQUIREMENTS: The actual costs for those items incurred in the construction of a Project and directly pertaining to the Project, excluding amounts paid to the Contractor or Developer which may be characterized as Overhead.

GOVERNMENTAL ASSISTANCE: Includes any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit tax benefit, or any other form of direct or indirect assistance from the Federal, State or local government for use in, or in connection with, a specific housing project.

GREEN BUILDING: A building that meets one of the following criteria:

1. LEED Criteria: Building design and construction emphasizing sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality that achieves the points necessary to qualify as LEED Certified (a minimum of 26 points under the LEED Green Building Rating System® for lodging). The LEED (Leadership in Energy and Environmental Design) Green Building Rating System® is a voluntary, consensus-based national standard for developing high-performance, sustainable buildings created by the US Green

Building Council. See the LEED-NC (New Construction) Application Guide for Lodging. For existing buildings, see LEED-EB (Existing Buildings).

2. Green Communities Criteria: Built according to the Green Communities Criteria, the first national framework for healthy, efficient, environmentally smart affordable homes. To achieve Enterprise Green Communities Certification under the 2011 Criteria, all projects must achieve compliance with the Criteria mandatory measures applicable to that construction type. Additionally, New Construction projects must achieve 35 optional points, and Substantial and Moderate Rehab projects must achieve 30 optional points. For the full criteria and online certification process visit http://www.greencommunitiesonline.org.

3. National Green Building Standard ICC 700 Criteria: Built in accordance with the requirements of National Green Building Standard ICC-700-2008.

GROCERY STORE: A full scale store or market that stocks perishable (including but not limited to fresh meat, milk and eggs), produce and vegetables.

GROSS EQUITY: The nominal dollar amount invested in the Taxpayer by the Syndicator.

GUSTAV DESIGNATED DISASTER AREAS: Louisiana – Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Calcasieu, Cameron, Catahoula, Concordia, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jefferson Davis, Jefferson, La Salle, Lafayette, Lafourche, Livingston, Madison, Morehouse, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Richland, Sabine, Saint Bernard, Saint Charles, Saint Helena, Saint James, Saint John the Baptist, Saint Landry, Saint Martin, Saint Mary, Saint Tammany, Tangipahoa, Tensas, Terrebonne, Union, vermillion, Vernon, Washington West Baton Rouge, West Carroll, West Feliciana and Winn Parishes.

HABITABILITY STANDARDS: The Physical Conditions Standards promulgated in HUD Regulations at 24 CFR 5.703, including the major areas of housing: the site, the building exterior, the building systems, the dwelling units, the common areas and health and safety conditions.

HARD COSTS: Costs of constructing or renovating a project as evidenced in the Estimate and Certificate of Actual Costs reduced by any amount which reduces the Builder Fee Base. Hard Costs do not include Acquisition Costs, Builder Profit, Builder Overhead, Developer Fees or Soft Costs (such as architectural, engineering, consultant, legal fees, etc).

HISTORIC REHABILITATION CREDIT: Tax Credits authorized to be taken by a Taxpayer for the rehabilitation of an historic property in accordance with the requirements of Section 38 of the Code.

HISTORIC PROPERTY: Property designated as historic by the State Historic Preservation Office SHPO or local governmental historic commission and renovated in accordance with the Secretary of the Interior's Standards for Historic Rehabilitation. A property located in a historic district that does not qualify as historic either individually or collectively by SHPO does not meet the requirement of a historic rehab. In order to be awarded LIHTC, evidence of an approved Part I application from the Louisiana Office of

Cultural Development Division of Historic Preservation must be included with the application submission. Project must submit a Part II by no later than carryover date.

HOMELESS PERSON/HOUSEHOLD: A Person or household sleeping in a place not meant for human habitation or in an emergency shelter; and a person or household in transitional housing for homeless persons who originally came from the street or an emergency shelter.

HOMEOWNERSHIP PROJECT: Project consisting of townhouses, duplexes with firewalls or buildings with not more than one unit per building. Applicants for Homeownership Projects must execute the LHC's or the Corporation's form of an **Option to Purchase and Right of First Refusal Agreement** which provides to an individual tenant the option to purchase a unit at the Minimum Purchase Price. **No points will be awarded for Community Facilities located in a Homeownership Project.**

HOUSEHOLDS IN POVERTY: Households at or below the most recent Poverty Threshold as determined by the U.S. Census Bureau.

HOUSEHOLDS WITH LONG TERM DISABILITY: A household in which a household member has Substantial Long Term Disability.

HOUSING NEEDS ASSESSMENT: The current assessment of the State's housing posted on the Corporation's website at www.lhc.la.gov.

HUD: The U.S. Department of Housing and Urban Development.

HUD CHART OF ACCOUNTS: The uniform system of account categories prescribed by Generally Accepted Accounting Principles (GAAP).

HURRICANE DISPLACED HOUSEHOLD: A household displaced from its principal residence and living in a homeless shelter or other temporary housing as a result of a severe hurricane such as Hurricane Katrina or Rita.

IDENTITY OF INTEREST: An identity of interest is construed to exist when:

i. There is any financial interest of the Developer or Taxpayer in the Builder or any financial interest of the Builder in the Developer or Taxpayer.

ii. Any officer, director or stockholder or partner of the Developer or Taxpayer who is also an officer, director or stockholder or partner of the Builder.

iii. Any officer, director, stockholder or partner of the Developer or Taxpayer has any financial interest in the Builder; or any officer, director, stockholder or partner of the Builder has any financial interest in the Developer or Taxpayer.

iv. The Developer or Taxpayer advances any funds to the Builder.

v. The Developer or Taxpayer supplies and pays, on behalf of the Builder, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by a Developer or Taxpayer in connection with its obligations under the construction contract.

vi. The Developer or Taxpayer takes stock or any interest in the Builder compensation as consideration of payment.

vii. There exists or comes into being any side deals, arrangements, contracts or undertakings entered into or contemplated, thereby altering, amending, or canceling any of the required closing documents, except as approved by the LHC or the Corporation.

viii. Any relationship (e.g., family) existing which would give the Builder or Developer or Taxpayer control or influence over the price of the contract or the price paid to any subcontractor, material supplier or lessor of equipment.

ix. Any member of the Development Team advances any funds to the Developer or Taxpayer at any point prior to an allocation.

For purposes of determining an identity of interest between parties not identified in (i) through (ix), such parties will be identified as either the Developer and Taxpayer or the Contractor as appropriate to establish the identity of interest.

The Corporation may reduce any allowable costs where an Identity of Interest has been found among the parties to transactions involving the sale, development and/or operation of the project.

IKE DESIGNATED DISASTER AREAS: Louisiana - Acadia, Allen, Beauregard, Calcasieu, Cameron, Iberia, Jefferson, Jefferson Davis, Lafourche, Livingston, Orleans, Plaquemines, Sabine, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, and Vernon Parishes.

INCOME QUALIFIED RENTER DEMAND: Number of households projected to be at 60% or less of area median income which can afford to pay the rent proposed at subject project provided such rent does not exceed 30% of their household income.

INCREASE IN CREDIT FOR CERTAIN STATE DESIGNATED BUILDINGS: Except with respect to a building financed with tax-exempt bonds under Section 103 of the Code, buildings may be designated by the Corporation as located in a difficult development area and as requiring an increase in credit in order for such building to be financially feasible as part of a qualified low-income housing project.

INDEPENDENT QUALIFIED HOUSING CONSULTANT: A disinterested professional housing consultant who has no identity of interest with any Builder or Developer participating in the Housing Tax Credit Program in any state and who by virtue of academic training, licensing and/or experience is a recognized expert skilled in the requirements of conducting a market survey and demand study.

INFILL PROJECT: A project that includes the development of vacant or underused parcels of land within existing urban areas that are already largely developed or previously developed. The site must be

surrounded on at least two sides with adjacent established developments (residential or commercial). Agricultural land does not qualify as infill.

IREM: Institute for Real Estate Management.

LAND COSTS: The purchase price related to the purchase of undeveloped land plus the following additional costs:

-excavating and earth-moving expenses
-finders/brokerage fees for assistance in acquiring title to land
-costs for excavation of water retention ponds
-cost of land surveys
-unpaid back real estate taxes and similar assumed costs
-legal and professional fees related to the acquisition of land
-environmental impact tests and perk tests

provided, however that the purchase price of land shall not include any appreciated value above the price paid for such land by the Developer or by any other entity related to the Developer or by any entity in which the Developer had an ownership interest within the ten (10) year period immediately preceding the sale of the land to the Taxpayer.

LARGE FAMILY HOUSEHOLD: A household with at least five persons at initial occupancy of a unit.

LEED: Leadership in Energy and Environmental Design.

LHC: The Louisiana Housing Corporation.

LIQUOR STORE: A store that sells alcoholic beverages (including but not limited to beer, wine and spirits) for consumption elsewhere and such sales make up 50% or more of the store's inventory.

LLT: Louisiana Land Trust**.**

LLT Unit: Is a property owned by LLT or a LLT property transferred to another public entity and has not been redeveloped.

LOCAL GOVERNMENT: The Governing authority of a parish or local governmental unit as referenced in the Louisiana Constitution of 1974.

LOCAL GOVERNMENTAL SUPPORT: Project has local governmental support as evidenced by (i) a commitment letter on official letterhead signed by the chief elected official of the Local Government in which the project is located or (ii) fully executed City Proclamation in support of the project executed by the majority members of the Local Government or (iii) a certified resolution of the governing authority of the Local Government in support of the Project.

LOCAL NON-PROFIT SPONSOR: A 501(c)(3) or 501(c)(4) organization in which not more than fifteen percent (15%) of the members of the governing board are domiciled outside the service area of the non-profit and at least seventy-five percent (75%) of the governing board are domiciled within the Project's Market Area or is a LHC certified Community Housing Development Organization ("CHDO") with a service area encompassing the Project's market area.

LOCAL PARTICIPATING JURISDICTION (LOCAL PJ): One of any governmental unit or consortium of governmental units receiving HOME Funds directly from HUD and which is not a state recipient.

LOCAL PHA: A local public housing authority organized and existing under the State's Housing Authorities Law at Chapter 30 of Title 40 of the Louisiana Revised Statutes of 1950, as amended.

LOUISIANA DEVELOPER: Any Managing General Partner or Sponsor who submits evidence of having filed Louisiana tax return (Form 990 in the case of a Non-profit) in the two calendar years preceding the year in which an Application for tax credits is submitted, or if no return was required to be filed for the two (2) calendar years preceding the year in which an application for tax credits is submitted, then a CPA's statement to that effect is required.

LOW INCOME UNIT: A low-income unit as defined in Section 42(i)(3) of the Code.

LRA: The Louisiana Recovery Authority.

MANAGING GENERAL PARTNER: The entity or individual(s) that controls or owns all of an entity which is designated in the Application as the managing general partner or the primary sponsor/operator of the Project.

MARKET AREA: An area referenced on a map included with the Market Study and certified by the Independent Qualified Housing Consultant to be an appropriate market area to be served by the project in view of geographic and other barriers and demographic and mobility factors for low income households at or below 60% of AMI.

MARKET STUDY: An analysis performed by an Independent Qualified Housing Consultant commissioned by the Corporation which evidences demand for the proposed market matrix of a project, including demand capture rate at the subject property by bedroom type and which further the housing needs of the Targeted Households, Large Families, Tenants with children and Special Needs Households if the Project serves Special Needs Households.

MATERIAL CHANGE: Notwithstanding the provisions of any prior Qualified Allocation Plan, a material change for any project, including projects receiving an allocation from a prior calendar year credit Housing Credit Ceiling, shall mean any reprocessing change which results (i) in the project deemed not feasible or not viable or (ii) a reduction of points from the Selection Criteria below the minimum score or below the score of the highest ranked project on the waiting list for the year in which the credits were allocated. Any change caused by force majeure or circumstances beyond the control of an Owner will not be a material change if the Corporation's Board of Directors concurs that such change was beyond the control of the Owner. The Corporation also considers the following to be material changes:

- Removal of any managing general partner;
- Bankruptcy of any managing general partner;
- Deletion or change of resident amenities and/or services such as activity centers, children centers, community centers, computer rooms, laundry rooms, etc.;
- Changes in residential unit design that increases or decreases by 10% or greater the number of units, unit mix, square footage of each unit, etc.;

- A 10% or greater change in the total number of structures;
- Change in the type and quality of construction materials, as well as mechanical and/or electrical systems that result in a 10% or greater change of the total construction cost;
- Delays in project schedule or benchmark dates in excess of 180 days, and,
- Notwithstanding the foregoing, any change that a reasonable man would determine to materially change the project;
- A 10% or greater change in the projects sources or uses; and
- A return of awarded tax credits to the Corporation for an allocation of tax credits from a later year's housing credit ceiling.

MATERIAL PARTICIPATION: Having an ownership interest other than a passive ownership interest and which participation is regular, continuous and substantial.

MILITARY IMPACT AREA: Generally a small or medium size metropolitan housing market area or a remote or isolated non-metropolitan area where:

1. Military-connected households comprise 25 percent or more of the total households in the market area. Military-connected households include active duty military personnel, civilian employees of the military service (Department of Defense) or other Federal Corporation at or in support of the installation, and employees of contractors and sub-contractors directly associated with the military installation and their dependents. Unaccompanied active duty military personnel housed in military-controlled group quarters housing (barracks, BOQ's) are excluded; and
2. The Department of Economic Development has expressed written concern about the continued stability of the current level of military strength and mission at the installation based on the absence of suitable affordable housing, or public announcement from the Department of Defense or the military service, advise that the stability of the military installation is at risk because of the absence of affordable housing.

MINIMUM RESERVE BALANCE: At least 1/6 of the largest annual deposit to Reserves for Replacement and Repair.

MIMIMUM REHABILITATION EXPENDITURE REQUIREMENTS: The minimum rehabilitation expenditure during a twenty-four (24) month period required to qualify as a new building or to qualify an existing building for acquisition credits has been increased to the greater of (i) twenty percent (20.0%) of the adjusted basis of a building or (ii) $6,000 if the qualified basis attributed to such rehabilitation expenditures when divided by the number of low-income units in the building is $6,000 or more.

MINIMUM PURCHASE PRICE: An amount equal to the sum of (i) the principal amount of outstanding indebtedness secured by the building (other than indebtedness incurred in the five year period ending on the date of the sale to the tenants) and (ii) all Federal, State and local taxes attributable to such sale. Except in the case of Federal income taxes, these shall not be taken into account under clause (ii) any additional tax attributable to the Application of clause (ii).

MIXED FINANCE PROJECT: A project described in Section 35(d) of the Federal Housing Act that is financially assisted with private resources in addition to amounts provided under the Federal Housing Act.

MIXED OCCUPANCY PROJECT: A Project involving the occupancy of units by Special Needs Households and the occupancy of units by households which are not Special Needs Households.

MIXED USE BUILDING: A building consisting of units available for residential rental use and other property the use of which is not related to residential rental use, e.g., commercial office space, owner-occupied residences, etc.

NEIGHBORHOOD IMPACT: With respect to a clearly defined neighborhood described on a map outlining such neighborhood, either (i) the construction of at least one hundred (100) new residential units or (ii) the demolition of at least fifty (50) functionally obsolete residential units and the construction and/or reconstruction of not less than fifty (50) residential housing units.

NEIGHBORHOOD NETWORK: A multi-service community learning center located in a *facility* of a Project promoting self-sufficiency by (i) improving computer access for tenants, (ii) advancing literacy, (iii) preparing residents to take advantage of employment opportunities and (iv) providing access to healthcare information and other social services.

NEIGHBORHOOD NETWORK FUNDING: Financial commitments or funding evident in the operating pro forma of a Project committed to providing a Neighborhood Network that includes (i) a business plan for staffing, technical support, and ongoing funding, and a strategy for achieving ongoing partnerships with other neighborhood, community, or educational groups, (ii) the location and size of the space to be used for the *facility* to used as a Neighborhood Network, (iii) an estimate of the number and percentage of residents who will benefit directly from the services of the Neighborhood Network and (iv) a detailed estimate of the center's initial cost and ongoing operating expenses.

NET EQUITY: The Gross Equity invested in the Taxpayer as discounted and compounded to the placed in service date.

NEW CONSTRUCTION: Housing units which have not previously been occupied.

NON-FEDERALLY SUBSIDIZED NEW BUILDINGS: Any new building placed in service by a taxpayer before December 31, 2013 and which is not federally subsidized qualifies for a credit percentage not less than nine percent (9.0%).

OCD: The Office of Community Development in the Office of the Governor.

OCAF: Operating Cost Adjustment Factor published annually for the State of Louisiana.

ON-SITE SECURITY: Twenty-four (24) hour on-site security through the use of cameras, security gate or on-site personnel in an official capacity as a professional security guard. Security personnel may be uniformed or non-uniformed. Costs for on-site security must be evidenced as an expense item on the projects operating pro-forma.

OPTION TO PURCHASE AND RIGHT OF FIRST REFUSAL AGREEMENT: The Agreement by that name attached as an Appendix to the Application.

ORGANIZATIONAL COSTS: Costs of organizing the Taxpayer, including the legal and accounting costs necessary to organize the Taxpayer and facilitate the filings of the necessary legal and other regulatory paperwork at the state and national level are of a character which, if expended incident to the creation of the taxpayer having an ascertainable life, would (but for Section 709(a) of the Code) be amortized over such life.

OWNER OCCUPIED BUILDING: A Building containing more than one but less than five units in which one of the units is occupied by the owner of such unit and which is located in an area in which the local governmental unit has approved by a Development Plan of Action.

PAYMENT STANDARD: One of the following standards of payment selected by the Taxpayer in connection with a Low Income Unit occupied by an Extremely Low Income Household: (a) 50% AMI, (b) 55% AMI or (c) 60% AMI.

PERMANENT SUPPORTIVE HOUSING: Housing that is (i) safe and secure, (ii) affordable to the eligible target population (as defined under "Eligible Target Population for Permanent Supportive Housing" in this glossary, (iii) permanent, with continued occupancy as long as the eligible target population pays the rent and complies with the terms of the lease or applicable landlord/tenant laws in the State of Louisiana and (iv) linked with supportive services that are flexible and responsive to the needs of the individual, available when needed by the eligible target population and accessible where the tenant lives, if necessary.

PHA REFERRAL AGREEMENT: The executed form of the PHA Referral Agreement attached as an Appendix to the Application.

PHYSICAL CONDITION STANDARDS: HUD Standards for housing which is decent, safe, sanitary and in good repair.

PLACED IN SERVICE DATE: The date on which the first unit in building of the Project is available for occupancy in accordance with the requirements of the Code and the local jurisdiction within which the Project is located. For rehabilitations which qualify as a separate new building, such date occurs at the end of the 24 month period over which such expenditures are aggregated.

POVERTY CENSUS TRACT: Census tract in which the percentage of Households in Poverty exceed 15% of the total households of such census tract.

PRESERVATION PROPERTY: The preservation of existing affordable housing will receive a preference in funding ("Preservation Priority"). To qualify for the Preservation Priority, a development must meet at least one of the following and, if receiving federal historic credits and/or state historic credits, waive the right to opt out for an additional fifteen years beyond the Compliance Period:

a. Have and continue to use, if possible, project-based rental assistance and/or operating subsidy;

b. Have a loan made prior to 1985 from any of the following loan programs: HUD 202/811,221(d)(3) or (d)(4), 236, or USDA RD 515;
c. Participate in HUD's Mark-to-Market restructuring program; or
d. Have a previous allocation of low-income housing tax credits in which the first year of the Credit Period (as defined in §42(f)(1) of the Code) was 1999 or earlier and be in or have completed the final year of the Compliance Period for all buildings in the development;
e. Public Housing Agency (PHA) Project as defined by the QAP glossary.

PRIORITY HUD REHABILITATION PROJECT: A project in which the mortgage is either FHA insured or HUD held and which receives a Project Based Subsidy or is subject to occupancy restrictions which are as restrictive as the restrictions applicable to a Low Income Unit.

PRIORITY NEIGHBORHOOD SUPPORTED PROJECT: A project that is specifically identified to be constructed, reconstructed, or rehabilitated in a neighborhood plan consistent with the LRA Local Planning Process.

PRIORITY ELDERLY REHABILITATION PROJECT: A project (i) that was substantially damaged or destroyed by Hurricane Katrina or Rita, (ii) in which one hundred percent of the units were occupied by elderly or disabled residents an received a *Project Based Subsidy* that has been abated but may be reinstated or moved to another site if the Priority Elderly Rehabilitation Project is rehabilitated or relocated, (iii) cannot be restored or reconstructed with the proceeds of insurance claims alone, according to the capital needs assessment and (iv) currently in financial default.

PRIORITY STRATEGIC PROJECT: A Priority Elderly Rehabilitation Project, a Priority HUD Rehabilitation Project or a Strategic Priority Project.

PROJECT: At least one building together with any facilities functionally related and subordinate on a Project Site. Multiple buildings are part of the same project only if such buildings:

(i) Have similarly constructed units;
(ii) Are proximate, i.e., located on a single tract of land; and
(iii) Are owned by the same person and are financed pursuant to a common plan.

PROJECT BASED SUBSIDY: Projects receiving operating subsidies based upon either (i) Section 8 project based assistance contract, (ii) rental assistance from RD or (iii) other operating subsidies in connection with housing supported under the Stewart McKinsey Act and (iv) Project Rental Assistance (PRACs), (v) Annual Contribution Contract (ACC) subsidies, (vi) Rental Assistance Demonstration Program (RAD) or other such operating subsidies in connection with a Federal or State operated program.

PROJECT SCHEDULE: A schedule required to enumerate the activities and the timelines or deadlines for completing such activities and placing the project in service. At a minimum, the Project Schedule shall evidence the Closing Date and Construction Start Date following benchmark dates:

(i) date that expenditure of ten percent (10%) of Project's Total Development Costs is to be achieved,
(ii) date that final zoning will be approved,
(iii) date that land and buildings are to be purchased,
(iv) date that environmental clearance will be obtained,
(v) date constituting the Closing Date,

(vi) date that building permits will be obtained,
(vii) date that constitutes the Construction Start Date,
(viii) date that ten percent (10%) of construction will be complete,
(ix) date that fifty percent (50%) of construction will be complete,
(x) date that ninety percent (90%) of construction will be complete,
(xi) date that project will receive certificates of occupancy and be placed in service and
(xii) date for submitting the audited cost certifications.

PROJECT SITE OR PROPERTY SITE: The legal description of the land on which the Project is located as submitted in an Application on or before the Application Deadline.

PSH: Permanent Supportive Housing.

PUBLIC HOUSING AGENCY PROJECT: A project that includes a signed self certification form dated not earlier than 60 days of the application submission which verifies that a PHA is sponsoring and developing the project referenced in the application. The PHA must have at least 51% controlling interest in the General Partner of a Limited Partnership or Managing Member of a Limited Liablity Company and receive at least 51% of the developer fee. The application must contain the current project specific certification signed by both the developer/taxpayer and the PHA.

QUALIFIED CENSUS TRACT: Any census tract which is designated by HUD in which either 50% or more of the households have an income which is less than 60% of the area median gross income or which has a poverty rate of at least 25 percent (25%).

QUALIFIED NON-PROFIT ORGANIZATION: An organization (i) described in paragraph (3) or (4) of Section 501(c) of the Code, (ii) exempt from tax under Section 501(a) of the Code, (iii) determined by the LHC or the Corporation not to be affiliated with or controlled by a for-profit organization and (iv) one of the exempt purposes of such organization includes the fostering of low-income housing.

QUALIFIED PURCHASE CONTRACT: A contract defined in Section 42(h)(6)(F) of the Internal Revenue Code.

QUALIFIED REHABILITATION EXPENDITURE: Rehabilitation costs incurred within any 24 month period selected by the building owner and which are allocable to or substantially benefit one or more low-income units in a building and in which the hard costs of such rehabilitation equal or exceed the greater of $6,000 per low-income unit in the building or twenty percent (20%) of the adjusted basis of the building.

RD: Means the Rural Development division of the U.S. Department of Agriculture.

RD PROJECT: Any existing project financed by United States Department of Agriculture Rural Development under Section 520 of the Housing Act of 1949.

REASONABLE MAN STANDARD: Standard in which a prudent person would have acted or would have been expected to have acted, based upon all objective facts and circumstances, in the same manner.

REDEVELOPMENT AREA: An area or areas within Qualified Census Tracts which is specified by a local governmental unit as requiring revitalization as evidenced by documentation from the local governing

authority. ~~and within which the local governmental unit provides incentives and/or resources amounting to or valued at five percent (5.0%) of Total Development Costs on a priority basis in order to promote redevelopment pursuant to a Concerted Community Revitalization Plan.~~

REDEVELOPMENT PROJECT: A Project located within a redevelopment area as defined by the QAP which is (i) a Distressed Property, (ii) Redevelopment Property, (iii) Owner-Occupied Property covered by a Development Plan of Action, or (iv) Urban Redevelopment Property.

REDEVELOPMENT PROPERTIES: A Project located in a Redevelopment Area~~.~~ within a Qualified Census Tract(s) which is specified by a local governmental unit as requiring revitalization as evidenced by documentation from the local governing authority.

RELATED PERSON: Any person bearing a relationship to such person as specified in sections 267(b) or 707(b)(1) of the Code, or if the persons for whom a relationship is being determined are engaged in trades or businesses under common control (within the meaning of subsections (a) and (b) of section 52 of the Code.

RENT UP/LEASE COSTS: Costs, such as advertising, sample unit costs, on site rental managers and staff and initial rental costs, necessary to fully rent a low-income building which may be amortized over the period necessary to rent all units, (e.g. 24 or 36 months).

REPROCESSING CHANGE: Any change other than a material change relating to (i) adjustments of sources or uses of funds greater 5% but less than 10%, (ii) increases or decreases in the number of units, unit mix, square footage, etc. greater than 5% but less than 10%, (iii) increases or decreases in the number of buildings greater than 5% but less than 10%, (iv) an applicant's inability to comply with the project schedule proposed in the Application by more than three months in any element of the Project and (v) any increase in the interest rate of long term debt required to complete the Project.

REPROCESSING FEE: The fee by that name calculated in accordance with the Non-Refundable Fee Schedule.

REQUIRED EXHIBITS: The Exhibits and/or Appendices specified as Required Exhibits in the Application and does not include the Exhibits and/or Appendices to support Selection Criteria items.

REQUIRED RESERVE DEPOSIT: For new construction for seniors, assume $250 per unit per year. For projects other than new construction for seniors, assume $300 per unit per year or the amount specified in Capital Needs Assessment required to be deposited to Reserves for Replacement. Notwithstanding the foregoing, if HUD and RD finance 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.

RESERVATION: An agreement on the part of the Corporation to allocate tax credits at a future date to a Taxpayer, subject to the Taxpayer satisfying the elements of the Qualified Allocation Plan and all conditions established by the Corporation with respect to the submission of all documents and information required by the Corporation prior to the delivery of Form 8609 to the Taxpayer.

RESERVES FOR REPLACEMENT: A special reserve to be established for each project from which the costs of replacement and repair of the project is to be funded.

RESIDENT MANAGER UNIT: The unit occupied by a full-time resident manager in the project.

RESIDENTIAL UNIT: Any accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation. Such accommodations may be served by centrally located equipment, such as air conditioning and heating.

REVITALIZATION: To impart new life or vigor for the purpose of redeveloping an area.

RURAL AREA PROJECT: Any area outside the corporate limits of the following 10 Louisiana cities: New Orleans, Baton Rouge, Shreveport, Lafayette, Lake Charles, Kenner, Bossier City, Monroe, Alexandria, and Houma.

SELLER TAKE BACK NOTE: With respect to low-income housing credits allocated pursuant to IRC §42(h)(4) and where there exists an identity of interest between the managing members and/or general partners of the seller and the purchaser of property identified in the ten year title history of the property, the LHC will directly finance the lowest price paid by an owner or purchaser of the property identified in the ten-year title history and permit the seller to take back a note for the difference between (i) the original cost of the property paid by a party related to the seller during such ten year period and (ii) the current as-is appraised value of the property only if the seller held note is payable from surplus cash and is subordinate to any promissory note financed with LHC Program Resources.

SCATTERED SITE PROJECT: A project consisting of buildings containing housing units in which all such units are rent restricted when non-contiguous provided that each building is located on a single lot which is subdivided by the local jurisdiction and for which an option to purchase separately may be executed and further provided that a single building may not contain more than two (2) housing units. Evidence of a Scattered Site Project must consist of a subdivision plot or proposed subdivision plot evidencing separate lots for each building. If a Scattered Site Project is located on non-contiguous land, no points will be awarded for Community Facilities.

SERVICES: Benefits made available to the tenants of a Project.

SINGLE PARENT HOUSEHOLD: A household with children in which one parent or guardian of such children resides in the household and in which no other adult resides in such household at initial occupancy.

SITE CHANGE: Except with respect to the substitution of lots in a scattered site project, any change resulting in the change of the project's site location to a different tract of land. Any such change will automatically cancel any reservation, commitment or allocation of tax credits to such Project.

SMALL PROJECT: A project in which the total number of units do not exceed thirty (30) units.

SMO: Statewide Management Organization designated by DHH for the management of supportive services for Permanent Supportive Housing.

SPECIAL NEEDS HOUSEHOLD: A household which constitutes a Single Parent Household, Large Family Household, a Foster Parent Household, an Elderly Household, a Disabled Household, a Homeless Household or a Veteran Household

SPECIAL NEEDS PROJECTS: A Project in which at least twenty-five percent (25%) of the units are set aside for Special Needs Households in accordance with the Tax Credit Regulatory Agreement; provided, however, that a Special Needs Project constituting an Elderly Project must satisfy the requirements of the Fair Housing Act.

SPONSOR: The person(s) owning one hundred percent (100%) of the interests in and who controls the Managing General Partner or Managing Member. A non-profit organization may sponsor another non-profit organization or a for-profit subsidiary entity only if such non-profit sponsor is legally entitled to designate all board members of the sponsored non-profit and/or owns 100% of the stock or ownership interest in the subsidiary as evidenced in the articles of incorporation of the sponsored non-profit or the subsidiary's articles of organization. As this paragraph pertains to PHA's, the PHA must be receiving an Annual Contribution Contract from HUD.

SQUARE FOOT: A universal standard for calculating square footage of a residential space will only include the conditioned spaces of a structure. This is normally calculated from the exterior surface of the perimeter walls of any space suitable for living (finished space). Unfinished spaces such as garages, porches, patios, exterior stairs and walkways are not included in the square footage of the residential unit, but are used in calculating the gross square footage. Gross square footage will not be used in the cost containment calculation.

SRO: A Project of single room occupancy providing Supportive Services in dwelling units that do not contain bathrooms or kitchen facilities and are appropriate for use as Supportive Housing.

STAND-ALONE NON-PROFIT: A 501(c)(3) or 501(c)(4) organization or for-profit wholly-owned subsidiary of such organization which serves as the sole general partner of a limited partnership owning a project or the sole and exclusive manager of an LLC which owns the project. The managing agreement must be submitted with Application for LLC-owned projects.

STATE ASSISTED BUILDING: Any building which is substantially assisted, financed or operated under any State law similar in purpose to any of the laws referred to in the definition of Federally-Assisted Building.

STORM WINDOWS: double paned, double insulated windows.

STUCCO: A durable finish for exterior walls, usually composed of cement, sand, and lime, and applied while wet.

SUBSIDIARY: Any corporation, entity, partnership, venture, syndicate, or arrangement in which a local housing authority receiving an Annual Contribution Contract shall participate by holding a 100% ownership interest or participating in its governance, in which commissioners, officers, employees, and agents of such authority constitute a majority of the governing body of such entity.

SUBSTANDARD: Any housing unit which does not satisfy the Habitability Standards and requires Substantial Rehabilitation.

SUBSTANTIAL REHABILITATION: Any rehabilitation in which Hard Costs equal or exceed $20,000 per unit.

SUPPORTIVE HOUSING: Housing designed to meet the special needs of the targeted special needs households occupying the housing and providing Supportive Services targeted to such special needs households.

SUPPORTIVE SERVICES FOR PSH: The range of services tailored to the needs of the category or categories of persons with special needs occupying housing in which such services are provided. The intensity of services delivered may vary based on the target population and individual needs but, for typical individuals would include an intensive service mix covering these types of services:

- Outreach and engagement
- Support in accessing housing (including assistance with applications, arranging for utilities and arranging for relocation)
- Crisis prevention and intervention
- Support in acquiring skills and knowledge for community living including acquiring benefits and money management
- Providing opportunities for social support an peer support
- Advocacy, clinical case management, clinical interventions
- Facilitating arrangement for child care
- Service Coordination including services of a tenant services liaison
- Arranging access for acute and emergency care
- Mental health and substance abuse treatment
- Linkage to education and employment
- Arranging access to transportation and

SUPPORTIVE SERVICES FOR SPECIAL HOUSEHOLDS TYPES OTHER THAN PSH: The range of services tailored to the needs of the category or categories of persons with special needs occupying housing in which such services are provided. The costs of Supportive Services must be specified in the Application and separately identified as an expense item in the operating pro-forma or must be provided by a governmental or non-profit Corporation which evidences in writing a commitment to provide supportive services to special needs households in the Project without charge. For purposes of this definition, Supportive Services are presumed to be provided if such services qualify under HUD or VA Regulations and if HUD/VA informs the Corporation in writing that services evidenced in the Application qualify under their regulations. Supportive Services must be provided for a period commencing at the placed in service date of a project and ending not earlier than the end of the tax credit compliance period for a project. A description of Supportive Services must contain minimum supportive services required under HUD regulations for such special needs group and may include:

- Daycare
- After-school programs
- Financial and budgeting seminars
- Job training
- Homebuyer training and seminars
- Supervised recreational activities for children
- Transportation to seminars

- Preventive health care programs/health screening on a regular basis
- Transportation to facilitate access to social services, doctors, and shopping
- Computer labs/internet hookup and/or tutors
- Library
- Dry-cleaning and/or laundry
- Grocery pickup and/or delivery
- Continuing education
- Information and senior counseling
- Homemaker/housekeeping
- Meals
- 24 hour security/neighborhood watch programs
- Community pets (cost of care provided by project)
- Community gardening
- Weekly exercise class
- Grandparent mentoring programs
- Weekly "day trips" to shopping centers/specialty shopping
- Reading service and library
- Social and recreational programs planned and overseen by the property manager. (Monthly birthday parties/ holiday dinners and/or parties; potluck dinners, movie nights, bingo)

SURPLUS CASH: Any cash remaining at the end of each fiscal year of the Owner after:

1. the payment of : (i) all sums due or currently required to be paid under the terms of (a) the first mortgage and/or the note secured thereby ("First Mortgage") and (b) if applicable, subordinate mortgages with cash flow priority ("Priority Cash Flow Indebtedness") approval by the LHC or the Corporation; (ii) all amounts required to be deposited in the reserve fund for replacements; (iii) all other obligations of the mortgaged property other than the First Mortgage and Priority Cash Flow Indebtedness, unless funds for payment are set aside or deferment of payment has been approved by the Corporation; (iv) Deferred Developer Fee, and (v) the Capital Recovery Payments; and

2. the segregation of: (i) an amount equal to the aggregate of all special funds required to be maintained by the project; and (ii) all tenant security deposits held.

SYNDICATION: The process of acquiring an ownership interest in the Taxpayer by the Syndicator and investing equity in the Taxpayer by the Syndicator.

SYNDICATION COSTS: Costs which are not includable in the tax credit basis for either the low income housing credit or the rehabilitation tax credit nor are allowable for depreciation purposes and which are the costs of syndicating a partnership and its related investment units.

SYNDICATION COST CERTIFICATION: A certification by the Taxpayer and Syndicator on the form provided by the Corporation which specified among other information costs or items incurred for the

packaging of the investment units and the promotion as an investment, including any marketing of the actual units, the production of any marketing memorandums or promotional materials, the mobilization of any broker/dealers who will sell the investment units and the actual sales commissions paid to the sellers of the partnership (whether they are unrelated third parties or the individuals who promoted the investment), including due diligence related aspects of the syndication and legal costs associated with the offering, opinions, inquiries as to certain aspects of the syndication, etc.

SYNDICATION PROCEEDS: The funds generated by the Syndicator from investors seeking to acquire tax benefits in Projects through the Syndicator.

SYNDICATOR: The person or agent involved in directly providing equity to the Taxpayer or the person which owns or controls the person providing such equity Syndication Costs.
TARGETED HOUSEHOLDS: The households identified in a Market Study for which the Project will provide housing.

TARGETED PARISHES: Parish designated as such by the Governor's Office.

TAX CREDIT REGULATORY AGREEMENT: The form of Tax Credit Regulatory Agreement provided by the Corporation pursuant to which the requirements of Section 42 of the Code are satisfied and pursuant to which the Corporation enforces the commitments and representations made by the Taxpayer in the Application.

TAXPAYER: The legal entity which will own and operate a project and which will be identified on Form 8609 as the Taxpayer.

TAXPAYER CAPITAL: Amounts other than Gross Equity as evidenced in the audit of the Taxpayer as of the Placed-in-Service Date of the Project as paid-in capital.

TOTAL DEVELOPMENT COSTS: Development Costs plus the cost of land.

ULI: Urban Land Institute.

UNIVERSAL DESIGN: The design of products and environments to be usable by all people to the greatest extent possible, without the need for adaptation or specialization.

URBAN REDEVELOPMENT AREA: An area or areas (i) which are within a city of 20,000 or more but which are outside of a Qualified Census Tract, (ii) which do not exceed in the aggregate 5% of the geographic area of the city and, (iii) which are specified by a local governmental unit as requiring redevelopment or revitalization~~ pursuant to a Concerted Community Revitalization Plan~~ as evidenced by documentation from the local governing authority.

URBAN REDEVELOPMENT PROPERTY: A project which is located within an Urban Redevelopment Area.

VACANT UNIT: A structure or unit which is certified by the Developer/Owner and the local jurisdiction to have not been occupied for a period of at least 90 days and which is reasonably expected to remain vacant for an indefinite duration because the unit is substandard.

VASH VOUCHER: Veterans Affairs Supportive Housing voucher as administered by the Veterans Administration and made available through HUD Public Housing Authorities.

VETERAN HOUSEHOLD: A household in which at least one household member is a Veteran,

Louisiana Housing Corporation
LIHTC - 201~~5~~6 Qualified Allocation Plan
Selection Criteria

I. **Targeted Project Type**
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- **B**. Redevelopment Project....2
- **C.** High Vacancy Projects....2
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SELECTION CRITERIA AND EVIDENTIARY MATERIALS

I. TARGETED PROJECT TYPE ~~**(Select All That Apply)**~~ ~~Points~~

~~**NOTE: Points may only be selected from one of the following categories: Selection Criteria Items I.D. New Construction Scattered Site Project, I.E. Non-Scattered Site Rehabilitation Projects, and I.F. Scattered Site Rehabilitation or Infill Projects. No project will be allowed points from more than one of the aforementioned categories.**~~

A. ***De-concentration Projects*** **(Maximum of 22 ~~P~~points, maximum one selection from A(i), Project Diversity and ~~A~~maximum one selection ~~only~~ from A(ii), Geographic Diversity)**

(i) *Project Diversity* - Percentage of Low Income Units in Project does not exceed:

(a)	60% of the Total Project units	4 ____
(b)	50% of the Total Project units	8 ____
(c)	40% of the Total Project units	10 ____

(ii) *Geographic Diversity*: Project is located in census tract in which the median income of the census tract exceeds:

(a) 120% of the area median income for the Parish	10 ____
(b) 150% of the area median income for the Parish	12 ____

B. ***Redevelopment Project*** **(Maximum 6 points allowed)** 6 ____

~~NOTE: See QAP Glossary for definition of a Redevelopment Project, Redevelopment Area, and Concerted Community Revitalization Plan (CCRP). Applicable information within the CCRP must be highlighted or referenced in the application submission.~~

Check Type:

Distressed Property:	____
Redevelopment Property:	____
Owner Occupied Property with Development Plan of Action:	____
~~Urban Redevelopment Property:~~	~~____~~

~~Note: Redevelopment Project must be located in a Redevelopment Area as defined by the QAP. Support documentation must evidence that the incentives and/or resources amounting to or valued at five percent (5.0%) or more of the Total Development Costs are committed to the targeted area by local government.~~Documentation must be submitted with the application evidencing that the project meets the requirements for the type of Redevelopment Project (i.e. Distressed, Redvelopment or Owner Occupied) selected.

C. ***High Vacancy Projects*** ***(Only one selection allowed - Maximum 6 points allowed)***

(i)	Minimum of 25% but less than 50%	2 ____
(ii)	Minimum of 51% but less than 75%	4 ____

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(iii) 75% or above 6 ____

- Submit letter from local jurisdiction that unit has been vacant (residential or non-residential) for at least 90 days and is likely to remain vacant because unit is substandard.
- Capital Needs Assessment must evidence inspection of vacant units.
- Market Study must directly address causes of vacancy, specific need for vacant unit sizes in the market.

- ___
- ___
- **NOTE: Points may only be selected from one of the following categories: Selection Criteria Items I.D. New Construction Scattered Site Project, I.E. Non Scattered Site Rehabilitation Projects, and I.F. Scattered Site Rehabilitation or Infill Projects. No project will be allowed points from more than one of the aforementioned categories.**

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D. New Construction Scattered Site Project (Only one selection allowed - Maximum 4 points allowed)

NOTE: Points will only be allowed for a new construction scattered site project in areas where there are no LIHTC properties within a 5 mile radius of the proposed project.

(i) New Construction Scattered Site Project 2 ____
(ii) New Construction Scattered Site Lease to Own ** 4 ____

Submit list of each separate address and square footage and costs of each separate building.

* Owner must agree to sell units at minimum purchase price by not later than the 16th year of Compliance period. The award is subject to a transactional structure acceptable to the Corporation according to industry best practices that protects the expectations of tenants anticipating title transfer of their units in fee simple absolute or condo or cooperative ownership.

E. *Non Scattered Site Rehabilitation Projects (Only one selection allowed - Maximum 8 points allowed)*

(i) Non Scattered Site Abandoned Project ~~6~~8 ____

- Submit letter from local governmental unit that all units (residential or non-residential) in the Project are Substandard and have been vacant for at least six months
- Capital Needs Assessment must also certify 100% vacancy

(ii) Substantial rehabilitation or conversion of Historic Property 7 ____
(iii) Rehabilitation or conversion of Non-Historic Property ~~8~~6 ____

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F. ***Scattered Site Rehabilitation/ or Infill Projects (Only one selection allowed - Maximum 10 points allowed)****

(i) Scattered Site Rehab or Infill ~~10~~8_____
(ii) Scattered Site Rehab or Infill – Lease to Own** 10_____

* Submit list of each separate address and square footage and costs of each building.

~~*** Points will not be allowed for both Selection Criteria Items D and F under I. Targeted Project Type.**~~

** Owner must agree to sell units at minimum purchase price by not later than the 16th year of Compliance period. The award is subject to a transactional structure acceptable to the agency according to industry best practices that protects the expectations of tenants anticipating title transfer of their units in fee simple absolute or condo or cooperative ownership. **Infill projects must be consistent with the definition contained in the QAP.**

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G. ***Preservation Priority Project (Only one selection allowed - Maximum 10 points allowed)***

(i) Developments with Project Based Section 8 for at least 100% of the units or federally funded (such as USDA, HUD, or PHA) rental subsidy for at least 60% of the units ~~10~~ 6 ___

(ii) Developments with Project Based Section 8 for at least 60% of the units or federally funded (such as USDA, HUD, or PHA) rental subsidy for at least 40% of the units ~~9~~ 8 ____

(iii) Developments with Project Based Section 8 for at least 30% of the units or federally funded (such as USDA, HUD, or PHA) rental subsidy for at least 20% of the units ~~8~~ 10 ____

II. TARGETED POPULATION TYPE Maximum 1~~2~~3 points allowed)

A. ***Special Needs Households*** ~~*other than Elderly Households and provides*~~*must provide Supportive Services – this does not apply to Permanent Supportive Housing*
(Check one or more)

(i) Homeless Households _____
(ii) Disabled Households _____
(iii) Tenant populations of individuals with children _____

(a) Twenty Percent serve such households 5_____

or

(b) Ten Percent serve such households 3_____

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B. Veterans Households 7_____

____Fifty Percent or more serve such households
____(Project must evidence commitment to the project from the Veterans Administration)

C. Elderly Households 6_____

100% of the project units are designated for elderly households.

For items II.A, B and C under Targeted Population Type application must include the following:

(i) Description of Supportive Services tailored to each Special Needs Household (See Supportive Services Definitions)

(ii) Cost per annum of Supportive Services per Special Needs Household or written commitment from governmental or non-profit agency that Supportive Services will be provided to Project without cost

(iii) Experience of Taxpayer/Owner in developing Projects servicing Special Needs Households

___ ____

III. PRIORITY DEVELOPMENT AREAS AND OTHER PREFERENCES (Select All That Apply)

A. *Extended Affordability Agreement (Lease to own projects ineligible*) (Only one selection allowed - Maximum 4 points allowed)*

Project will execute agreement in which Owner irrevocably waives its rights under the provisions of I.R.C. §42(h)(6)(E) and (F) until after the

(i) 25th year 2_____
(ii) 30th year 3_____
(iii) 35th year 4_____

* Lease to own projects ineligible; not eligible if executing ~~Agency~~Corporation's Option to Purchase and Right of First Refusal Agreement

B. *Increased Unit Affordability (Only one selection allowed -Maximum 6 points allowed)*

At least 5% percent or more of project units serve households with incomes at or below 30% AMI.

(i) At least 5% less than 10% of units serve households (other than PSH) with incomes at or below 30% AMI 4 ____

(ii) At least 10% but less than 15% of units serve households (other than PSH) with incomes at or below 30% AMI 5 ____

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7_

6_

(iii) At least 5% and less than 10% of units serve PSH households with incomes at or below 20% AMI 6 ____

*To qualify for points in this section, units must be reflected on the rental income page of the application. Project must evidence ability to maintain lower rate units via rental income, grants or subsidies throughout the projects affordability period. Only one-and two-bedroom units will qualify as PSH units. To qualify for PSH points (iii) applicant **must** submit letter of PSH Support from the ~~PSH Executive Council~~Executive Director of the Louisiana Housing Authority.

C. ***Governmental Priorities (Maximum ~~7~~5 points allowed)***

(i) Project Located in Qualified Census Tract (QCT) or Difficult Development Area (DDA) 2_____
Census Tract Number: _____ Parish Location:_____

~~(ii) Copy of Final Concerted Community Revitalization Plan adopted by local governmental unit included in Application along with a resolution evidencing adoption of the plan. 2_____~~

~~(iii)~~(ii) HUB Zone 3_____
*HUB Zone classification must be current as of ~~March~~ August 31, 2015 to receive points

Louisiana classifications may be accessed using the project's census tract through the following link: https://www.sba.gov/content/hubzone-maps

D. ***Rural Area Project*** **(as defined in the QAP glossary)** 10 _____

E. ***Governmental Support (Only one selection allowed -Maximum 4 points allowed)***

Note: The below referenced Governmental Funds must be actual "awarded funds" as evidenced by a signed commitment obligating the funds to the project. Support documentation from the governmental entity and calculations supporting the selection must be included in the application submission.

Governmental support reduces project development costs by providing CDBG, HOME, or other governmental assistance/funding in the form of loan, grants, rental assistance, or a combination of these forms or by:

- Waiving water and sewer tap fees;
- Waiving building permit fees;
- Foregoing real property taxes during construction;
- Contributing land for project development;
- Providing below market rate construction and/or permanent financing;
- Providing an abatement of real estate taxes, PHA contributions or other governmental contributions;

(i) 7% or more of total project development cost reduction 4_____
(ii) Greater than or equal to 4% but less than 7% of total project development 3_____

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cost reduction

(iii) 2% but less than 4% of total project development cost reduction 2_____

IV. LOCATION CHARACTERISTICS

A. *Neighborhood Features*

Points in this section are capped by the applicant's selection and verified through the commissioned market study. Applicants must include in their submissions the name, address, and map location each item where points are claimed under this section.

(i) ***Points Gained*:*** ***(Maximum of 10 ~~P~~points, maximum 1 point per service)***

Points will be awarded for the following services located within the specified distance of the site. Distance will be measured by odometer from the automobile entrance of the proposed project site to the closest automobile entrance to the parking lot of the applicable service. Applicant should ensure that the service is suitable for the targeted population. Points will only be awarded for the services listed below. One Half (0.5) points will be awarded for any service listed that is located over 1 mile but is within 2 miles.

1 point <= (1) mile

Grocery Store	____	Public Library	____
Hospital/Doctor Office or Clinic	____	Bank/Credit Union (must have live tellers)	____
Elementary School	____	Post Office	____
Pharmacy/Drug Store	____		
Public Transportation (shuttle services excluded)			____
Louisiana Licensed (current) Adult/Child Day Care/After School Care			____
Elementary School receiving a grade of "B" or better by the Louisiana Department of Education			_____

Total Positive Points ____

(ii) ***Points Deducted*:*** ***(No ~~M~~maximum for ~~D~~deductions)***

Note: There **is no limit** on the amount of points that can be deducted for negative neighborhood services. Five points **each** will be deducted if any of the following incompatible uses are adjacent to the site; two points **each** will be deducted if any of the following incompatible uses listed are within ½ mile of the site with the exception of projects located within ½ mile of an electrical utility substation. **Any project adjacent to an electrical utility substation will remain subject to the referenced five-point deduction.**

Junk yard/dump	____	Pig/chicken farm	____
Salvage yard	____	Processing plants	____
Wastewater treatment facility	____	Industrial	____
Distribution facilities (all)	____	Airports	____
Electrical utility substations	____	Liquor Store	____
Prisons	____	Solid waste disposal	____
Adult entertainment/video/ Theater	____	Bar, Club or Lounge	____

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Total Negative Points ____

*The Market Study for every project must include a separate section that evidences whether the Project satisfies the positive points listed or incurs the negative points listed above.

V. PROJECT CHARACTERISTICS (Select and provide support documentation on all that apply)

A. *Green Buildings* 5_____
See Glossary for definition of "Green Building."

B. *Community Facilities* *(See Glossary)* 2_____
(Community facilities must be consistent with the definition contained in QAP. Homeownership projects are not eligible to receive points for community facilities.)

C. *Optional Amenities* Provide cut sheets and/or architecture certification for the selected amenities.

(i) Washers and dryers are installed and maintained in every unit 3_____
(ii) Dishwashers maintained in each unit 1_____
(iii) Disposals maintained in each unit 1_____
~~(iii)~~(iv) Paved walking Trail (minimum ¼ mile) 2_____

D. *Additional Accessible Units* ***(Only one selection allowed – maximum 3 points allowed)***
Accessible Units in excess of Section 504 of II C Accessible Project Rehabilitation Act of 1973. Section 504 applies to all Projects, i.e.,5% of units must be accessible for people with mobility impairments and 2% for people with hearing or vision impairments.

(i) Number of Units:_____ = more than 8% of the total units but less than or equal to 10% of the total units 1_____

(ii) Number of Units:_____ = more than 10% of the total units but less than or equal to 15% of the total units 2_____

(iii) Number of Units:_____ = more than 15% of the total units 3_____

- Submit number, percentage and description of construction and/or equipment provided for each Accessible Unit.
- Unit count must represent at least (1) one unit above the 504 requirement

E. *Project has On Site Security (as defined in Glossary)* 3_____
As defined in Glossary- **If security cameras are provided, a diagram of the proposed location of cameras must be included in the application or points will not be allowed**. At least one camera per every 20 units is required to receive points in this category. The number of cameras will be rounded up in making this determination.

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VI. LEVERAGE, EFFICIENCY AND VIABILITY

A. ***Leverage for Disability Funding (Non-Governmental Support)***

Support documentation from the funding entity and calculations supporting the selection must be included in the application submission.

3_____

Leverage consists of a specified amount of non-governmental funds used for persons with disabilities throughout the project's compliance period:

*List:*_____

B. ***Project's TDC per unit is at least 10% below the maximum TDC/unit*** 3_____

Calculations supporting the selection must be included in the application submission.

C. ***Viability Penalty Points***

(i) Rehabilitation Hard Costs are less than $20,000 per unit -5_____

Specify Total Rehab Hard Costs: $_____ ÷ Number of Units: _____ = $_____/unit

(ii) Development fee exceeds 25% of hard costs for rehabilitation -5_____

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VIII. PROJECT & SUBMISSION PENALTY POINTS

A. Any project which utilizes a condominium or division of a site for the purpose of receiving Low Income Housing Tax Credits in excess of the QAP stated maximum -15_____

B. Any project involving repair of physical damage on which an insurance claim is made and received but applicant fails to disclose and utilize insurance proceeds in the development budget to reduce the use of Low Income Housing Tax Credits -15_____

C. Incomplete or Missing Exhibits, Appendices or Documents -4_____

- Does not include Required Exhibits which must be submitted by Application Deadline. Missing Required Exhibits will result in Application being rejected.

D. Failure to properly label appendixes in final application submittal -5_____

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Appendix C.1

Minimum Design Standards- New Construction

2415 Quail Drive, Baton Rouge, LA 70808
Main: 225-763-8700 | Toll-Free: 888-454-2001
Business Hours: 8:00 a.m. to 4:30 p.m. CST Monday- Friday

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CSI Format

The Construction Specification Index (CSI) is the standard filing system used by all architectural, design, engineering and construction professionals. The CSI format provides a uniform approach to organizing specification text by establishing a structure consisting of 16 divisions (see table of contents). Although the current Index has expanded to 50 divisions, for simplification purposes, we have determined the original 16 base divisions as the Louisiana Housing Corporation (LHC) preferred organization for new construction. The intent of this methodology is not meant to replace any Architect's desired preference for layout of their specifications; however, consideration to minimum set forth should be incorporated into all designs. Divisions XII and XIV have been eliminated.

LHC has simplified the categorization of the CSI format and has eliminated the five digit numbering code, replacing the number with a bullet.

For additional information or questions regarding CSI Format, please contact the Department of Design and Construction Review at (225) 763-8700 Ext. 304.

If a conflict arises between regulations or standards, the most restrictive will be enforced.

Acronyms

ABA—Architectural Barriers Act

ACI—American Concrete Institute

ADA—Americans with Disabilities Act

AFUE—Annual Fuel Utilization Efficiency

AHJ—Authority Having Jurisdiction

ASTM—ASTM International formerly known as (American Society for Testing and Materials)

CFM—Cubic feet per minute

CM—Concrete Masonry Units

CSI—Construction Specification Index

DWV—Drain, waste vent

GPF—Gallons per Flush

HSPF—Heating Seasonal Performance Factor

HVAC—Heating, Ventilation and Air Conditioning

IECC—International Energy Conservation Code

KCMA—Kitchen Cabinet Manufacturers Association

LSUCC—Louisiana State Uniform Construction Code

OLM—Office, laundry and maintenance

SEER—Seasonal Energy Efficiency Rating

SRO—Single Room Occupancy

Division I: General Requirements

Minimum Design Standards
Minimum Design Standards shall apply to new construction and reconstruction of all multifamily and scattered site developments.

Note: LHC's Minimum Design Standards are to be used as a guideline to meet and exceed all local, state, and national codes. These standards also provide a way to enforce above average construction and design for builders, contractors, and design professionals who wish to utilize funding from the Louisiana Housing Corporation. Other methods of construction and design may be acceptable on a case by case basis. **If you feel your design meets or exceeds LHC's Minimum Design Standards, please contact the Department of Design and Construction Review for further assistance.**

Units for Elderly Residents: All units for elderly residents shall be located at the grade level or on an elevator accessible floor.

Codes
All construction must comply with Louisiana State Uniform Construction Code (LSUCC), local planning and zoning, and local authorities and jurisdictions. Federal regulations which may pertain to the specific project such as the Fair Housing and Section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended, also apply. It is strongly encouraged that the 2010 ADA/ABA standard be utilized when designing accessible units and public facilities.

Energy Efficiency
All residential building envelope designs shall exceed the energy efficiency requirements of the LSUCC, 2009 International Energy Conservation Code (IECC) and the prescriptive requirements of Energy Star Qualified Homes (IECC) and the prescriptive requirements of Energy Star Qualified Homes Version 3.

Quality Assurance
Contractor shall furnish a written material and labor warranty on the units for a period of one full year after occupancy.

Unit Size Requirements
The following minimum square foot measurements are required for the different type of units. Net square feet are the heated and cooled area of the unit.

- SRO units shall contain at least 150 square feet (common kitchen and bath)
- Efficiency units shall contain at least 450 square feet.
- One-bedroom units shall contain at least 650 square feet.
- Two-bedroom units shall contain at least 800 net square feet.
- Three-bedroom units shall contain at least 1,100 net square feet.
- Four-bedroom units shall contain at least 1,400 net square feet.

All three and four bedroom units must have at least 2 full bathrooms.

Division II: Site Work

Must meet requirements of LSUCC, Authority Having Jurisdiction (AHJ) and accepted engineering practices.

Entries
One main entry shall have a concrete, treated wood, or other hard surface exterior stoop, porch or deck, a minimum of 5' x 5'. The main entry shall have a roof or awning over the entry area. The roof shall cover at least a 5' x 5 area.

Landscaping
Adequate landscaping is required on all multifamily projects. The developer shall submit a landscape plan as part of the plans and specifications. At a minimum, each building shall include a basic landscaping package.

Turf: All lawn areas shall be seeded with the seed variety, lime, and fertilizer application rate, which is appropriate to establish a good lawn cover. All slopes in excess of 3:1 within 10 feet of the building, driveway and/or walkway shall receive sod or other approved erosion control materials which will enhance the establishment of a permanent ground cover.

Sodded Areas: It is preferred that the front yards of each building and common areas are sodded.

Fencing: It is preferred that multifamily projects be fenced in such a way to provide security around the site boundaries.

Parking/Driveways
All multifamily projects shall have adequate parking (as determined by LHC).

Parking Lots: All on-site parking lots and access drives are to be paved and parking spaces are to have bumper stops or curbs. If walkways are used as bumper stops, the walkway shall be 6' wide.

It is preferred that family units be provided with a minimum of 1 ½ on-site parking spaces per unit and that units for elderly residents have a minimum of 1 on-site parking space per unit.

Asphalt: shall consist of a hot mix asphaltic concrete pavement, such as manufactured by plants. Minimum 4" thick.

Concrete: shall conform to the latest revised Standard Specification for Portland cement, ASTM C595. All concrete shall have a minimum 28-day compressive strength of 4000 psi and be entrained with 5% air with a minimum cement content of 520 lbs. per cubic yard (5.5) sacks. Expansion-joint material shall follow requirements of American Concrete Institute (ACI) 318. Minimum 6" thick.

Soil Treatment-Termite Protection
Provide proper and complete termite treatment by a licensed exterminator.

Utilities Services
Electric: It is preferred that electrical service to new units is underground.

Laundry: all units shall be equipped with washer and dryer hookups (Exception: SRO and Efficiency Units). Laundry facilities located on the second floor and higher shall be equipped with a washer overflow pan piped to carry the overflow to an appropriate location or floor drain.

Phone-Internet: all units must be equipped with networks to provide cable television, telephone and internet access in the living area and each bedroom.

Walkways
All units shall have a paved walkway from the parking area to the main entrance.

Concrete pads and walks: All entry walks shall be a minimum of 36" wide, 4000 psi, and shall be provided at all units from the entry to parking area. The minimum concrete thickness 3 ½".

Division III: Concrete

Concrete Finishes
Comply with ACI 302.1R for screeding, re-straightening, and finishing operations for concrete surfaces. Do not wet concrete surfaces. Provide the following finishes:

1. Float finish for interior steps and ramps and surfaces to receive waterproofing, roofing, or other direct applied material.
2. Troweled finish for floor surfaces and floors to receive floor coverings, paint or other thin film finish coatings.
3. Trowel and fine-broom finish for surfaces to receive thin set title.
4. Nonslip-broom finishes to exterior concrete platforms, steps and ramps.

Division IV: Masonry

Brick: The siding material of all attached units shall consist of a minimum of 30% brick, stone, or other LHC approved materials. The bricked area calculation of 30% shall not include window and door areas, nor brick below finished grade.

Face Brick: Shall be ASTM C216, Grade MW or SW, type FBS or equivalent.

Concrete Masonry Units (CMU):

It is preferred that stucco or split face shall be used for all CMU walls exceeding 3 feet or more exposure.

Division V: Metals

Metal Ties
Provide a metal tie-down strap (commonly called hurricane straps) at each bearing location of each roof truss, rafter and ceiling joist. The tie-down strap must attach to the top cord of the truss and the uppermost plate of the wall. All tie-downs shall be installed as required by AHJ.

Steel Lintels
Steel lintels, when specified for openings in masonry walls shall be primed and painted or hot dip galvanized. Preference by the AHJ shall be considered acceptable.

Division VI: Woods and Plastics/Rough Carpentry/Millwork

Wood Products, General

Lumber: Provide dressed lumber, S4S, marked with grade stamp of inspection agency. Engineered Wood Products: Acceptable to AHJ and for which current model code research or evaluation reports exist that shows compliance with building code in effect for Project.

Cabinets and Drawers

Cabinet fronts shall be made of solid wood (not particleboard); doors, drawers and fronts shall be factory finished. Cabinet ends shall be finished with appropriate veneer. All cabinets shall be Kitchen Cabinet Manufacturers Association (KCMA) approved. Custom-built local cabinet options are acceptable if approved by LHC Design Review Department prior to installation.

Roof Construction

Minimum Roof Pitch: The minimum slope on all steep slope roofs shall be 4" vertical to 12" horizontal. Porch roofs are an exception.

Composite material is preferred for decking. All exterior wood shall have a preservative retention rate of 40%.

Wood Stairs and Handrails

Composite material is preferred for stairs and handrails. All exterior wood shall have a preservative retention rate of 40%.

Division VII: Thermal and Moisture Protection

Fascias

Metal: 0.019" minimum thickness aluminum, factory finish (coil stock).

Composite: Hardiplank or other durable material as approved by LHC.

Roof

Fiberglass Shingles: ASTM D3462, antifungal, 235 lb. seal tab type over minimum 15 lb. felt, with at least a 25-year product warranty.

Gutters and Downspouts: shall be appropriately designed with a minimum 5" gutter and a 2" x 3" downspout. All downspouts shall empty onto concrete splashblocks or be piped to an appropriate location.

Siding

Composite: Fiber-Cement siding, primed, with two-coat minimum finish.

Wet Walls

Water-Resistant Drywall: Water-resistant gypsum board (commonly called green board) must be used on all walls in the bathroom and within six horizontal feet of wall surfaces where the drywall can be splashed such as kitchen sink, next to water heater and/or washer. Water-resistant gypsum, when used on ceilings must be rated for the span.

Division VIII: Doors, Windows, and Glazing

Door Accessories

Exterior hardware:

a) It is preferred that exterior doors have a doorknocker, security accessories (eyelet and deadbolt), and a kick plate.

b) All doors shall have a lever key-lock latch.

Interior Hardware: All doors shall be equipped with a lever-bundle. Install locks for bedrooms and bathroom.

Exterior Doors
Exterior Doors shall be 13/4" thick, made of steel or other equally durable material, insulated unless of solid wood (not particleboard) and be appropriately finished as recommended by the manufacturer.

Interior Doors
Solid Wood, Composite or hollow core panel doors. Interior doors shall be a minimum of 13/8" thick.

Windows
All window frames must be of solid vinyl, thermally broken aluminum, fiberglass, wood or wood clad. All glazing shall be double paned. The vapor seal on the glazing must have a minimum ten-year warranty. All windows shall have a minimum one-year warranty on the operation of the window. All windows shall have a National Fenestration Rating. Remember to include an ingress/egress window as required per code at all required locations (5.7 sq. ft.). Sash removal is not an acceptable method to achieve the required opening.

Division IX: Finishes

Exterior Ceiling
When using vinyl or aluminum material for porch ceilings, provide a rigid, solid backing such as OSB or plywood.

Exterior Finishes

Posts and Columns: It is preferred that all posts (at deck level and above), columns, and guardrails be factory made and factory finished.

Handrails: Rail shall be smooth, splinter-free and painted or factory finished to withstand the weather and resist cracking and splintering.

Finished Floor Treatments

Carpet Padding: 7/16" thick, 6-lb. minimum re-bond polyurethane.

Sheet Carpet: 25 oz. minimum, 100% nylon. Other options include Berber type with blended fiber. In high traffic areas, 30 oz. minimum is preferred.

Sheet Vinyl: Shall be Armstrong or other approved equal. Provide product adhesive and underlayment as recommended by the manufacturer. All surfaces shall be clean, dry, and appropriate temperature during installation. Minimum 10 mil wear layer. Vinyl sheet flooring shall conform to the requirements of ASTM F1303, Type I.

Vinyl Tile: Shall be Armstrong or other approved equal, 1/8" x 12" x 12". Provide product adhesive and underlayment as recommended by the manufacturer. All surfaces shall be clean, dry, and appropriate temperature during installation. Follow manufactures recommendation for pattern layout.

Wood Flooring: Flooring should be tongue and groove hardwood; factory finished, or have a minimum of three coats of site-applied, UV-protected polyurethane.

Other Flooring Products: Ceramic file and engineered flooring.
Interior entries
Paint: primed once, with two-coat satin, semi-gloss finish on all sides and faces.

Stain: stain or oil on all sides and faces, with three-coat varnish, polyurethane finish.

Factory Finished doors are acceptable.

Interior Wall Finishes

Paint: primed once, two-coat flat finish. Use gloss, semi-gloss, or satin finish for bathrooms, laundry, and kitchens.

Interior entries
At the interior side of the main entry door, there shall be an uncarpeted, finished floor area. This area shall be no less than sixteen (16) square feet.

Interior Doors

Paint: primed once, with two-coat satin, semi-gloss finish on all sides and faces.

Stain: stain or oil on all sides and faces, with three-coat varnish polyurethane finish.

Factory finished doors are acceptable.

Division X: Specialties

Closet Storage/Accessories

Closets should contain 12" deep shelf, including a coat rod. Shelves with integrated hanger hooks may also be used.

Division XI: Equipment

Bath

Accessories: All bathrooms shall have:

a) Medicine cabinet with mirror 16" wide by 20" tall (minimum) or standard mirror
b) Wall hung toilet paper dispenser
c) 18" (minimum) towel bar

Bath Tub: Tubs should be 30" minimum width; made of fiberglass, acrylic, porcelain, or cultured marble.

Faucets: Polished chrome plated. Lever handle.

Sink: Sinks shall be 15" minimum diameter; made of fiberglass, acrylic, porcelain, or cultured marble.

Shower: Showers should be 36" x 36" minimum; made of fiberglass, acrylic, ceramic, or, cultured marble.

Toilet: Toilets should be 1.6 GPF or better efficiency.

Protection/Suppression Accessories

Smoke Alarms: Building code requires the installation of smoke alarms in the following locations:

1) In each sleeping room.
2) Outside each separate sleeping area in the immediate vicinity of the bedrooms.

When more than one smoke alarm is required to be installed within an individual dwelling unit, the alarm devices shall be interconnected.

Carbon Monoxide Alarms:
An approved carbon monoxide alarm shall be installed outside of each separate sleeping area in the area immediate vicinity of the bedrooms in dwelling units within which fuel-fired appliances are installed and in dwelling units that have attached garages.

Fire Extinguishers: Must meet requirements of AHJ and building code:

1) Location: Shall be located in conspicuous locations where they will be readily accessible and immediately available for use.
2) Type: Stored-Pressure Antifreeze Type: UL-rated 2-A, 2.5-gal nominal capacity or type approved by AHJ.

Kitchen

Countertops: shall be molded roll-backed, laminate plastic or Formica with finished ends and sealed at the cut out for sink. Other appropriate materials may be used such as Corian. Consult the LHC

Department of Design and Construction Review if alternate materials are being considered prior to installation.

Faucets: Lever handled. The housing of the faucet shall not be plastic.

Hoods: All units shall be equipped with a 100 CFM intermittent or 25 CFM continuous range hood. Range hoods shall discharge to the outdoors. Use ducting sized and ducting material per manufacturer recommendation. Provide a finished cover over exposed ducting.

Sink: 6" deep minimum, stainless steel double bowl.

Laundry

Shall have an overflow pan or floor drain if laundry is located second level or higher.

Division XIII: Special Construction

Storage areas
Exterior storage areas are preferred on all units. This storage area should be constructed so it can be used for yard tools, mowers and outside recreational equipment. Any such features must be constructed to AHJ requirements.
Ramps

Note: When including an accessible ramp comply with the following in addition to the LSUCC: all ramps shall be minimum 36" wide with a 5' turning areas at each landing, and a minimum load capacity of 1500 lbs.

Composite: PVC or other with non-skid surface.

Concrete: with non-skid surface.

Metal: galvanized steel, or aluminum with non-skid surface.

Wood: shall meet the requirements of LSUCC.

Playgrounds
It is preferred that playgrounds be included in the overall design of the project. When office, laundry and maintenance (OLM) buildings are provided it is preferred that an approved fenced-in playground be provided adjacent to OLM Building. The are immediately in and around the playground shall be mulched with 6" of the appropriate material such as cypress mulch, pine bark mulch, pine needle mulch or sand.

OLM Building
On projects of 30 or more units it is preferred that the developer include an OLM building.

Project Amenities
All properties other than SRO Projects must include HVAC systems, refrigerators, stoves and 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. The requirement of an on-site laundry shall not apply to rehabilitation projects with 12 or fewer units.

Roof Offsets
It is preferred that projects of four or more attached units be designed in such a way as to vary the roof line with offsets, gable porch roofs, etc.

Defensible Space
LHC prefers housing developments that provide residents with a sense of ownership and control of physical areas by incorporating items such as unit-specific entryways and lawn areas that are clearly associated with individual units. If this cannot be accomplished, LHC prefers to keep the total number of residents sharing these spaces as low as is practical

Division XV: Mechanical

Heating Ventilating and Air Conditioning Equipment
All units shall be heated and cooled using high-efficiency equipment. HVAC systems shall have a minimum SEER (Seasonal Energy Efficiency Rating) rating of 14.50 with a minimum HSPF (Heating Seasonal Performance Factor) rating of 8.2. Fuel oil and gas fired furnaces and boilers shall have an AFUE efficiency of 90% or greater. Alternative HVAC systems may be approved by LHC.

Plumbing Accessories
Washers and hot water heaters located on the second floor or higher shall have overflow pan piped into DWV, positive drain outside, or floor drain.

Division XVI: Electrical

Exterior Luminaries
Exterior luminaries shall be located at all entrances and common areas. All onsite parking areas shall be lighted. The electrical supply for all common areas, stairways, walkways and parking areas shall not come from the individual unit.

Interior Luminaries
Each room, hall, stair, and walk in closet shall have a minimum of one switch operated overhead light. Kitchens shall include switch-operated lighting over the cooking area, the sink area and the general or dining area. Bathrooms shall be equipped with switch-operated lighting over the lavatory area and the general area.

Appendix C.2

Minimum Design Standards- Rehabilitation

2415 Quail Drive, Baton Rouge, LA 70808
Main: 225-763-8700 | Toll-Free: 888-454-2001
Business Hours: 8:00 a.m. to 4:30 p.m. CST Monday- Friday

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Acronyms

ABA—Architectural Barriers Act

ACI—American Concrete Institute

ADA—Americans with Disabilities Act

AFUE—Annual Fuel Utilization Efficiency

AHJ—Authority Having Jurisdiction

ASTM—ASTM International formerly known as (American Society for Testing and Materials)

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DWV—Drain, waste vent

GPF—Gallons per Flush

HSPF—Heating Seasonal Performance Factor

HVAC—Heating, Ventilation and Air Conditioning

IECC—International Energy Conservation Code

KCMA—Kitchen Cabinet Manufacturers Association

LSUCC—Louisiana State Uniform Construction Code

OLM—Office, laundry and maintenance

SEER—Seasonal Energy Efficiency Rating

SRO—Single Room Occupancy

Division I: General Requirements

A. **Minimum Design Standards for Rehabilitation:** LHC's Minimum Design Standards for Rehabilitation of existing structures are to be used as a guideline to assist in meeting or exceeding all local, state, and national codes. These standards also provide a way to enforce above average construction and design for builders, contractors, and design professionals who wish to utilize funding from the Louisiana Housing Corporation (LHC). Other methods of construction and design may be acceptable on a case by case basis. If you feel your design meets or exceeds LHC's Minimum Design Standards for Rehabilitation, please contact the Department of Design and Construction Review for further assistance.

B. **Waiver Process:** Understanding that no single code can cover the infinite number of possible configurations and circumstances that may arise during rehabilitation, a written request for waiver to a LHC requirement will be earnestly considered. The request must detail the necessity of variance from this code and have prior approval from the Authority Having Jurisdiction (AHJ). Photographs are encouraged where necessary to convey understanding. All requests are to be submitted electronically to the Director of Construction, Design and Review at LHC and copied to your agency's LHC representative in multi or single family program, respective to the funding being used.

C. **LHC Funded Rehab:** (code requirements)

1. *Non HOME-funded units,* using LHC funding; the total scope of work must meet the Louisiana State Uniform Construction Code (LSUCC), in force at the time of funding, regardless of what funding source is used when other funds are leveraged to complete the scope of work.

   LSUCC regulations shall apply to the construction, alteration, movement, enlargement, replacement, repair, equipment, use and occupancy, location, removal, and demolition of detached one- and two-family dwellings.

2. *HOME-funded units*, of any amount; LHC Minimum Design for Rehabilitation Standards (MDR) and Louisiana State Uniform Construction Code (LSUCC) as applicable, shall apply to the total scope of work, regardless of what funding source is used when other funds are leveraged to complete the scope of work.

   LSUCC and MDR regulations shall apply to the construction, alteration, movement, enlargement, replacement, repair, equipment, use and occupancy, location, removal, and demolition of detached one- and two-family dwellings.

   Items identified in the work write up and incorporated in the project shall comply with the correlating sections of the LSUCC and MDR and shall not require full compliance of the entire standard(s) unless specifically required by MDR or LHC.

   Completed units shall not contain Health/Safety or Level 3 issues identified in the Federal Uniform Property Condition Standards, **Unit inspectable items**, which may be found at the following web address: http://www.lhc.la.gov/

*See Appendix #1 for a complete listing of these deficiencies.

3. Rehab projects- The completed unit must meet the requirements of the Louisiana State Uniform Construction Code (LSUCC).

   a. LSUCC regulations shall apply to the construction, alteration, movement, enlargement, replacement, repair, equipment, use and occupancy, location, removal, and demolition of detached one- and two-family dwellings.

   b. Completed units shall not contain Health/Safety or Level 3 issues identified in the Federal Uniform Property Condition Standards, **Unit Inspectable Items**, which may be found at the following web address: http://www.lhc.la.gov/

*See Appendix #1 for a complete listing of these deficiencies.

D. Universal Design Requirements: LHC encourages the inclusion of Universal Design elements whenever possible. Units that will meet Universal Design upon completion may be preferred in selection of potential projects. Follow the link below for more information. http://www.lhc.la.gov/

E. Codes: All rehabilitation activities shall comply with all applicable codes and ordinances of the Authority Having Jurisdiction (AHJ).

1. Building Code: All new construction and rehabilitation improvements shall comply with the currently adopted Louisiana State Uniform Construction Code (LSUCC).
2. Local Codes: Rehabilitation improvements shall comply with local authorities and jurisdiction's regulations, local planning, and zoning laws.
3. Federal Codes: Federal regulations which may pertain to the specific project such as the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended, may also apply.

F. Energy Efficiency: All rehabilitated single family structures are encouraged to improve the energy efficiency of the dwelling. An energy audit is encouraged; however, prescriptive methods may be utilized to achieve base efficiency ratings.

G. Work Plan and Contingencies:

1. Each recipient of LHC funding for rehabilitation shall be responsible for obtaining any required tests and surveys prior to construction.
2. Each recipient of LHC funding for rehabilitation shall develop a detailed work write up for each dwelling under rehab.
3. Each recipient of LHC funding for rehabilitation shall develop a work plan for each rehab project and shall execute the work in a manner which will not cause reworking of completed phases of construction.
4. Each recipient of LHC funding for rehabilitation shall develop a cost estimate of proposed construction activities which shall include at least 5% up to a maximum 20% contingency for unforeseen expenditures. Contingency funds may be used for hidden

damage not observed in the initial evaluation of the structure only after review and approval from LHC.

Contingency may not be used for additional features, or amenities not identified in the initial evaluation of the property.

H. Quality Assurance: The contractor shall furnish a written material and labor warranty on the dwelling improvements for one full year after completion.

Division II: Existing Conditions

A. Hazardous Materials: Each recipient of LHC funding for rehabilitation shall make reasonable efforts to avoid sites that contain known hazardous materials, such as but not limited to: Asbestos, Radioactive Waste, Biological Hazards, PCBs, Mercury, Toxic Molds, and Radon.

1. Hazardous materials shall be abated or mitigated prior to commencement of rehabilitation activities.
2. In all houses constructed prior to 1978, Lead Based Paint shall be addressed per EPA requirements.

B. Evaluation of Existing Structure: All structures targeted for rehab shall be evaluated for projected rehabilitation costs. Structures with unstable foundations, extensive termite damage, extensive deterioration, or faulty construction likely to result in collapse shall not be considered.

1. Lead-based paint abatement costs shall not be considered rehabilitation costs for this purpose.
2. Historic preservation costs shall not be considered rehabilitation costs for this purpose.

C. Existing Code Violations: Rehab activities shall remedy all active code enforcement actions or violations cited by the Authority Having Jurisdiction or utility provider.

Division III: Concrete

A. Existing Concrete: If included in the scope of work, existing exterior concrete shall be free of defects such as deterioration, cracks or joints with an elevation change more than ½", or conditions which render the concrete structure unsuitable for structure's intended purpose. Cross slopes should not exceed 2%.

B. Exterior Concrete: All new exterior concrete flatwork and stairs shall be free of hazardous defects and shall conform to the latest revised Standard Specification for Portland cement, ASTM C595. All concrete shall have a minimum 28-day compressive strength of 4000 psi and be entrained with 5 percent air with a minimum cement content of 520 lb per cubic yard (5.5) sacks).

1. Expansion-joint material- Follow American Concrete Institute (ACI) 318. Expansion joints shall be installed at connections to permanent structures and connections to

adjoining flatwork, such that occur at the primary structure, concrete stairs, driveways, public sidewalks, light fixture standards, and similar fixed structure connections.

2. Flat work shall be minimum 4-inches thick for sidewalks and accessible routes. Driveways shall be minimum 6-inches thick.

C. Concrete Finished: All new exterior concrete flatwork and stairs shall be finished to a non-slip resistant finish, such as a broom finish or equivalent.

Division IV: Masonry

A. Brick: When the scope of work addresses existing brick construction, brick veneer shall be in good condition or restored, free of holes, breaks, deterioration, or other defective conditions, and all joints shall be restored to a weather tight surface.

1. Defective units shall be replaced with units similar in texture, weight, and color to the original brick.
2. Loose and/or deteriorated joints shall be restored by acceptable tuck pointing methods, with mortar similar in composition to the original mortar.

B. Concrete Masonry Units (CMU): When the scope of work addresses Concrete Masonry Units restoration, all masonry units (Concrete Block) shall be in good condition or restored, free of holes, breaks, deterioration, or other defective conditions, and all joints shall be restored to a weather tight surface.

1. Deteriorated units shall be replaced.
2. Cracked joints may indicate unstable foundation conditions. If cracks are minor and do not indicate foundation failure; they shall be filled with a suitable vinyl concrete patch material.
3. Holes in units and joints may be filled with mortar.

Division IV: Metals

A. Flashings: When the scope of work requires replacement or repair of flashings, the following standards shall be met:

1. All replacement metal flashing materials shall be corrosion resistant and minimum nominal thickness of 0.019 inch
2. Corrosion resistant flashing in contact with pressure treated lumber, containing copper, shall not be aluminum material. Compatible products must be used as approved by manufacturer and/or AHJ.

B. Railing:

1. All metal railings shall be structurally sound.
2. Metal handrails and guards shall be properly anchored to safely resist required loads specified by Louisiana State Uniform Construction Code.

C. Awnings: When the scope of work includes restoration of awnings:

1. All existing metal awnings shall be properly anchored to the structure and surface coatings maintained.
2. Awnings shall be cleaned and painted if defective surface conditions exist.

<u>Division VI: Woods and Plastics/Rough Carpentry/Millwork</u>

A. Stair Construction

1. **New stairs**
   a. All **new exterior** stairs shall meet the current Louisiana State Uniform Construction Code regarding dimensions, handrails, and guards.
   b. **New Interior** stair construction shall meet the current Louisiana State Uniform Construction Code regarding dimensions, handrails, and guards.
2. **Existing stairs**
   a. Existing **interior** stairs shall not be reduced in rise or tread depth from the original design.
   b. Existing **exterior** stairs, guards and handrails shall be in good condition and capable of supporting normally imposed loads.
3. **Guards**
   a. All stairs with open landings, balconies, or porches more than 30 inches above grade or the floor below, shall have guardrails.
   b. All guardrails shall be safe, securely and firmly fastened in place.
   c. When the scope of work calls for guard installation, they shall be a minimum of 36" in height above the adjacent walking surface.

   Exception: Stairway guards may be 34" above the plane of the nosing of stair treads.

   d. Guards shall have infill to prevent accidental falls by providing one or more of the following:
      - Solid wall
      - Railing system with solid infill
      - Railing system with balusters spaced so that a sphere of 4-inch diameter may not pass through.
      - The triangular area on stair sides at the tread, riser, and railing may not pass a 6-inch diameter sphere.
      - Stair risers shall be closed. Open risers are not permitted.
4. **Handrails**
   a. All stairs with four or more risers shall have a handrail on at least one side.
   b. All handrails shall be easily graspable by the occupants.
   c. All handrails shall return to the wall, floor, or post so that they do not constitute a hazard.
   d. When the scope of work calls for handrail installation, they shall be mounted no less than 34" and no more than 38" above the leading nose of the stair treads.

B. Wood Decking and Porches: Existing exterior wood decks shall be free of loose, deteriorated, rotten materials, securely attached to the main structure, or properly supported by a structurally sound foundation and support system. All repairs and reconstruction of exterior decks shall meet current Louisiana State Uniform Construction Code and/or the American Wood Council's, Prescriptive Residential Wood Deck Construction Guide. The Prescriptive Residential

Wood Deck Construction Guide is available as a free download at: http://www.awc.org/publications/dca/dca6/dca6.pdf

C. Exterior Wood: When the scope of work addresses installation of exterior wood all new exterior wood shall consist of naturally durable hardwoods, composite materials suitable for exterior exposure, or pressure treated wood in accordance with AWPA U1 for the species, product, preservative and end use. Preservatives shall be listed in Section 4 of AWPA U1.

Ground contact: All wood in contact with the ground shall be approved pressure-preservative-treated wood suitable for ground contact use.

Division VII: Thermal and Moisture Protection

A. Fascias: When the scope of work includes restoration of fascia repairs or replacement shall meet the following requirements:

1. Wood fascias shall be properly surface coated with painted surfaces free of peeling, cracks, or other defective conditions which will allow moisture to penetrate into the wood.
2. Fascias may be covered with factory finished 0.019" minimum thickness aluminum where local ordinances allow.
3. All decayed wood shall be replaced with solid material before covering with metal.

B. Exposed Wood: All replacement wood exposed to elements of weathering shall consist of naturally durable hardwoods, composite materials suitable for exterior exposure, or pressure-treated wood where applicable.

All pressure-treated wood shall have a minimum preservative retention rate for above ground applications and a minimum preservative retention rate for all wood in contact with the ground as required by the manufacturer.

C. Reroofing: When the scope of work includes roof work, this section shall apply:

1. **Roof Structure**
   a. Structural elements of the roof support system shall be evaluated prior to commencement of reroofing activities.
   b. All defective rafters shall be repaired, replaced, or otherwise braced to safety withstand live loads during reroofing activities.
   c. Where roof covering is replaced, all substrate shall be repaired to a sound condition, free of rot or deterioration, suitable to support and anchor the new roofing material.
2. **Roof Covering**
   a. The roof and flashing shall be sound, tight, and not have defects that admit water intrusion.
   b. Roof drainage shall be adequate to prevent dampness or deterioration in the walls or interior portion of the structure.
   c. Existing roof drains, gutters and downspouts shall be in good repair and free from obstructions. Must function as designed.
   d. Roof water shall be discharged in a manner so as to not cause moisture problems to the structure.

e. When the scope of work calls for roof covering, existing roof coverings shall be removed prior to reroofing.

f. Roof coverings shall be installed in accordance with the manufacturer's installation instruction.

3. **Asphalt or Fiberglass Shingles**: New dimensional or 3-tab shingles shall have a minimum warranty period of 25 years and be suitable for design wind speeds at location proposed.
4. **Underlayment**: Where roof coverings are removed to the decking below, minimum #15 felt shall be applied to the full area of the deck, including overhangs and porches. Underlayment shall be applied in accordance with the currently adopted Louisiana State Uniform Construction Code. Synthetic underlayment is acceptable if allowed by roofing manufacturer.
5. **Ribbed Sheet Metal:** Metal roof coverings shall be applied in accordance with the manufacturer's installation instructions and meet ASTM A 924 corrosion resistance requirements.
6. **Manufactured Home Roof Repair or Replacement:** Any product used to coat, cover, repair, or replace a manufactured home roof must be installed per manufacturer's installation instructions and/or recommendations. Written documentation by a qualified engineer for the installation of a product(s) is also acceptable.
7. **Flashing**

   a. All step flashings, counter flashings, and crickets shall be repaired or reconstructed, where a roof covering is added or replaced.

   b. Flashing at roof penetrations, such as plumbing vents, attic vents, electrical risers, or similar roof penetrations, shall be provided and replaced where a roof covering is replaced.

D. Gutters and Downspouts

1. Where roof water drainage causes deterioration to the structure or accumulation of water near the foundation, roofs shall have gutters and downspouts and shall be appropriately designed with a minimum 5" gutter and 2" x 3" downspouts.

   Exception: Local authorities may require reproduction of box or half-round style gutters. In this case, local requirements shall prevail.

   Exception: Manufactured homes with integral guttering systems.
2. All downspouts shall empty onto concrete or composite splash blocks, or be piped to an approved location. Thin, lightweight, plastic splash blocks are not acceptable.
3. Rain water discharge shall runoff in a manner that does not create a nuisance, cause foundation damage, or infiltrate under or into the structure, or other structures.

E. Siding

Existing siding shall provide a weather tight barrier, free of holes or deterioration that admits rain into the walls of the structure.

F. Replacement Siding: All new siding material shall be installed in accordance with the manufacturer's installation instructions.

1. **Substrate Repair:** Where siding is replaced, all substrate shall be repaired to a sound condition, free of rot or deterioration, suitable to support and anchor the new siding material.

2. **Weather resistant membrane:** Where siding is removed and replaced, a weather resistant membrane (Tyvek or similar) shall be installed per manufacturer's specification.
3. **Flashing**: All windows and doors shall be properly flashed before new siding is installed.
4. **Approved Materials:** All new siding shall consist of one or more of the listed materials below:
   a. **Composite:** Fiber cement siding, primed, with two-coat minimum finish or factory finish.
   b. **Metal:** 0.024" minimum thickness aluminum or galvanized steel with factory finish.
   c. **Vinyl:** 0.040" minimum thickness, UV protected.
   d. **Wood:** cedar or redwood stained or primed once with 2-coat minimum finish.

G. Insulation

1. When the scope of work addresses the installation of insulation in the thermal envelope, insulation shall be added in all ceilings with accessible attics, floors with crawl spaces, and any cavity exposed or opened during rehabilitation to provide at least the minimum R-value listed in the currently adopted International Energy Conservation Code.
   a. Baffles shall be provided at the intersection of exterior walls and ceilings to allow adequate passage of ventilation air where insulation is added to the attic.
   b. All insulation blow in walls (other than mobile homes) must be dense-packed to a minimum density of 3.5 pounds per cubic foot of volume.
   c. When using prefab wall plugs (that will remain exposed) to cover holes created for the purpose of blowing wall or ceiling insulation the client must agree in writing before work on this measure begins.
   d. Insulation blown into the under-belly of a mobile home must be supported by a covering system (or material(s)) capable of supporting the weight of the insulation.

H. Air Infiltration: When included in the scope of work the following standards shall apply.

1. When exposed/uncovered during rehab activities, penetrations of floor, walls, and ceilings, such that occur at access openings, electrical wiring and outlet boxes, plumbing piping, and ducts, shall be sealed to prevent free passage of air between conditioned and unconditioned spaces or the exterior.
2. **Air Barriers:** Exposed walls in attics, separating the conditioned space of the dwelling unit from the unconditioned space in the attic, shall have an approved air barrier installed on the attic side of the wall.
3. **Access Hatches and Doors Air Sealing and Insulation:** Access doors from conditioned spaces to unconditioned spaces, such as attics and crawl space, shall be weather-stripped and insulated to a level equivalent to the insulation on the surrounding surfaces.

   When loose fill insulation is installed, provide a wood framed or equivalent baffle or retainer to provide a permanent means of maintaining the installed *R*-value of the loose fill insulation.
4. **Recessed Lighting:** Recessed luminaries installed in the building thermal envelope, shall be sealed to limit air leakage between conditioned and unconditioned spaces.

a. All recessed luminaries shall be IC-rated and *labeled* as meeting ASTM E 283, when tested at 1.57 psf (75 Pa) pressure differential; with no more than 2.0 cfm (0.944 L/s) of air movement from the conditioned space to the unconditioned space.

b. A boxed enclosure may be built with type x gypsum over existing fixtures provided it fulfills the manufacturer's clearance to combustible specifications for the existing fixture.

I. Crawl Space: Where a crawl space is found to hold water or retain moisture sufficient to promote mold growth, the following standards shall be met:

1. Accessible crawl spaces shall be free from construction debris and standing water.
2. Install a drainage system to relieve water retention.
3. Provide an access door per current LSUCC requirements.
4. Provide ventilation per current LSUCC requirements.
5. Repair or install a minimum 6 millimeter vapor barrier on the floor of the crawl space to provide a tight, vapor retardant membrane.

<u>Division VIII: Doors, Windows, and Glazing</u>

A. Exterior Doors: When the scope of work includes the installation of doors, the following standards shall be followed.

1. All exterior doors shall be 1 ¾" thick, insulated and made of steel or other equally durable material or solid wood. (not particleboard)
2. All exterior doors shall be appropriately finished as recommended by the manufacturer, and in a sound, weather stripped, weather tight, good condition.
3. When enlarging an exterior door it shall be a minimum of 36" wide.

B. Interior Doors: When the scope of work includes the installation of doors, the following standards shall be followed.

1. Existing interior doors shall be a minimum of 1 3/8" thick.
2. Existing interior doors shall be solid wood, composite, or hollow core panel doors, in good condition, properly finished, and operable.
3. Defective interior doors shall be replaced or restored to good condition and operate properly.

C. Door Accessories: When the scope of work includes replacement of door hardware, the following standards shall be followed.

1. All egress doors shall be evaluated for being readily openable from the inside of the dwelling.
2. All egress doors shall be readily openable from inside the dwelling without the use of a key or special knowledge or effort.
3. When the scope of work includes installation of other door accessories, all door accessories shall be quality material with no plastic latches or inferior hardware.
   a. **Latches, knobs, and hinges** shall be metal with polished or brushed finish.
   b. **Exterior Door Hardware:** All entry doors shall be equipped with a brass plated, or other durable metal finished, key lock knob or handle and deadbolt (see egress provisions).
   c. **Interior Door Hardware**: All interior doors shall be equipped with brass-plated, or other durable metal finished, knobs or handles.

D. **Units with more than one bedroom:** The scope of work shall not create a condition where bedrooms constitute the only means of access to other bedrooms or habitable spaces and shall not serve as the means of egress from other habitable spaces.

E. **Kitchens and non-habitable spaces:** The scope of work shall not create a condition where kitchens and non habitable spaces are used for sleeping purposes.

F. **Existing Windows:** Windows not included in the scope of work shall meet the following standards.

1. **Glazing:** All existing windows shall be sound and weather tight with no holes or missing panes.
2. **Frames:** Window frames shall be free of defective conditions such as rotten components, peeling paint, inferior glazing compound, missing counter weights, or condition which will render the window unsafe to operate, or will not provide an effective weather tight barrier.
3. **Operation:** Every window, other than fixed windows, shall be easily openable and capable of being held in position by window hardware. A lock or latch must be installed if not present for security that does not require special knowledge or tools to operate from inside the dwelling.

G. **Replacement Windows:** All replacement windows shall meet the following criteria.

1. All window frames must be of solid vinyl, thermally broken aluminum, fiberglass, wood, or wood clad.
2. All glazing shall be double-paned.
3. The vapor seal on the glazing must have a minimum ten-year warranty.
4. All windows shall have a minimum one-year warranty on the operation of the window.
5. All windows shall have a National Fenestration Rating meeting current minimum energy code requirements for Zones 2 & 3.
6. Windows at grade level shall have security latches which will not require special knowledge or tools to operate from the inside of the window.
7. Safety glazing shall be installed in hazardous locations, as defined by Louisiana Residential Code, where replacing existing glazing in hazardous locations.
8. When the scope of work calls for window replacement, all windows in rooms used for sleeping purposes shall have a window or door, meeting LSUCC requirements (IRC 310), connecting directly to the outside of the structure into an open court or yard. Removal of window sashes is not an acceptable method to meet the minimum opening requirements of the LSUCC for emergency escape and rescue.

   Exception: Replacement, emergency escape and rescue, windows are allowed provided the window opening size is not decreased. Documentation of previous window size must be kept in client file.

H. **Attic Access Opening:** When the scope of work includes the installation of attic access the following standards must be followed unless conditions exist making these specifications unattainable. In such cases a reasonable effort must be made to comply as close as possible.

1. In all attic spaces with headroom of 30" or more, minimum 22" by 30" (roughed-framed opening) attic access shall be provided.

2. All access openings must weather stripped (or air sealed) and be insulated to the same R-value as the adjacent attic space.

I. Crawl Space Access Opening

1. Existing crawl space access must be evaluated so at a minimum, the opening must have a functioning door and latch.
2. When the scope of work includes the installation of crawl access the following standards shall be followed unless conditions exist making these specifications unattainable. In such cases a reasonable effort must be made to comply as close as possible.
   a. Crawl spaces shall be provided with a minimum 16" by 24" opening and shall not be located under an exterior doorway.
      Exception: Openings through the floor shall be a minimum of 18" by 24".
   b. Access openings located in the exterior foundation wall shall be no less than 16" by 24".
   c. Access openings below grade; shall have an areaway, with the areaway floor below the threshold of the access door. Width and height of the areaway shall not be less than 16" by 24".

Division IX: Finishes

A. Exterior Finishes: When the scope of work includes repair or replacement of exterior finishes, the following standards shall apply.

1. All exterior finishes shall be free of holes, loose material, peeling paint, deterioration, mold, dirt, or other defective conditions.
2. All trims and soffits shall be constructed to resist the entry of insects or vermin into concealed spaces of the structure.

B. Wood: When the scope of work includes repair or replacement of exterior wood, the following standards shall apply.

1. All unfinished exterior exposed wood shall have a minimum preservative retention rate for above ground applications and a minimum preservative retention rate for all wood in contact with the ground, as specified by the manufacturer.
2. Use of CCA Treated lumber shall be prohibited.

C. Posts and Columns: When the scope of work includes repair or replacement of exterior posts and columns, the following standards shall apply.

1. All front porch columns shall be capable of supporting the roof dead load plus live loads and be 4" x 4" minimum pressure treated wood, extruded aluminum, fiberglass, or other factory-made, finished material.
2. Replacement front porch columns shall closely match original design unless structurally deficient.
3. Side or rear decks and porches may have a minimum of 4" x 4" pressure treated posts, at a maximum length of 10', supporting the roof above.

D. Handrails: Where handrails are required or included in the scope of work, the following standards shall apply.

1. All hand railing shall be smooth and splinter-free.

2. The paint, seal coat, or factory finish shall be in good condition or restored to retard deterioration of the handrail.
3. vinyl, metal, or composite material.
4. Seals or stains shall not be acceptable treatment methods for applications where pressure treated or naturally durable material is required.

   Seals or stains may be used to preserve the integrity of treated wood handrail material.

E. Fiber Cement Siding

1. On structures rehabbed for resale, existing siding shall be in good condition.
2. When the scope of work calls for new installation, siding shall be factory finished or be painted with at least two coats of exterior grade paint.

F. Exterior Ceiling

1. Existing exterior ceilings, such as those that occur on porches, shall be free of openings to concealed spaces of the structure
   Exception: Required ventilation openings are allowed provided insect screens are installed to protect from entry of insects or vermin into the concealed space.
2. **Solid Backing:** When the scope of work includes using vinyl or aluminum material for porch ceilings, provide a rigid, solid backing such as OSB or plywood.

G. Carpet Padding: When the scope of work calls for new installation, carpet shall be a minimum of 7/16" thick, 6-lb. minimum re-bond polyurethane.

H. Sheet Carpet: When the scope of work calls for new installation, sheet carpet shall be 25 oz. minimum, 100 percent nylon. Other options include Berber type with blended fiber. High traffic areas, such as hallways, shall have 30 oz. minimum.

I. Sheet Vinyl: When the scope of work calls for new installation, sheet vinyl shall be minimum 10 mil wear layer or approved equal. Provide product adhesive and underlayment as recommended by the manufacturer. All surfaces shall be clean, dry, and appropriate temperature during installation. Vinyl sheet flooring shall conform to the requirements of ASTM F 1303, Type I.

J. Vinyl Tile: When the scope of work calls for new installation, vinyl tile shall meet the following standards:

1. Vinyl tile shall be minimum thickness of 1/8".
2. Provide product adhesive and underlayment as recommended by the manufacturer.
3. All surfaces shall be clean, dry, and appropriate temperature during installation.
4. Follow manufacture's recommendation for pattern layout.

K. Wood Flooring:

1. When the scope of work calls for new installation, wood flooring shall be tongue and groove hardwood, factory finished; or have a minimum of three coats of site-applied, UV-protective polyurethane.
2. Where interior floors are repaired in the scope of work, holes in hardwood floors shall be repaired, sanded and finished with closely matching finishes to the original finish.

L. Other Flooring Products

When the scope of work calls for new installation, ceramic tile and laminates installed per manufacturer's recommendations may be used.

Existing broken tiles shall be replaced with similar size, color and texture.

M. Kitchen and Bath Floor Covering: When the scope of work calls for installation of kitchen and bath floor covering, kitchens and bathrooms shall be covered with a smooth non absorbent material such as ceramic tile, sheet vinyl, vinyl tile, or vinyl slabs.

N. Interior entries: When the scope of work addresses the floor covering on the interior side of the main entry door, there shall be an uncarpeted, finished floor area. This area shall be no less than 16 square feet.

O. Interior Door Finish: When the scope of work addresses interior door finish, interior doors shall be finished and free of defective conditions. One or more of the following finishes may be utilized.

1. **Paint:** Primed once, with two-coat satin, semi-gloss finish on all sides and faces.
2. **Stain:** Stain or oil on all sides and faces, with three-coat varnish, polyurethane finish.
3. **Prefinished Doors:** Factory Finished doors are acceptable.

P. Water-Resistant Drywall: Where a rehab involves replacement of drywall in bathrooms and near areas where it may become wet, water resistant drywall shall be used as the replacement wall board in areas set forth as follows

1. Water-resistant gypsum board (commonly called green board) must be used on all walls in the bathroom and within six horizontal feet of wall surfaces where the drywall can be splashed such as a kitchen sink, next to water heater and/or washer.
2. When a tub/shower unit is on an exterior wall, provide water-resistant gypsum board behind the tub/shower unit.
3. Water-resistant gypsum, when used on ceilings must be rated for the span.

Q. Interior Wall Finishes: Where a rehab involves renewal of interior wall finishes, all existing interior wall finishes included in the scope of work shall be free of conditions such as peeling paint, holes, loose material, deteriorated surfaces, mold, mildew, and rot.

1. **Drywall repairs:** Shall be sanded to a smooth finish prior to applying primer paint.
2. **Paint:** Patches in existing drywall and all new drywall shall be primed once with two-coat finish paint. Gloss, semi-gloss, or satin finish shall be used for bathrooms, laundry, and kitchens.
3. **Paint over existing painted walls:** All repainted walls shall have coverage sufficient to completely hide the previous color. Primer and two finish coats may be required to accomplish this requirement.

Division X: Specialties

A. Entries: When the scope of work includes the installation of exterior entry components, the following standards shall be followed unless conditions exist making these specifications unattainable. In such cases a reasonable effort must be made to comply as close as possible.

1. All main entries shall have a concrete, treated wood, or other hard surface exterior stoop, porch or deck not to exceed 8 ¼" below the top of the threshold and have a minimum dimension of 36" by 36".
2. Secondary entries shall have a landing on the exterior of the door opening if the finished interior floor is more than 30" above the exterior adjacent grade or floor surface. Secondary exterior entries with less than 30" above grade elevation shall have a stair with a landing at grade level.

B. **Bath:** Rehabbed bathrooms in homes for resale shall be equipped, at a minimum, with the following:

1. Medicine cabinet with storage and mirror 16" wide 20" tall (minimum)

   Other combinations of mirror and storage may be acceptable by approval of LHC Construction Design and Review Department.
2. Wall-hung toilet paper dispenser
3. 18" (minimum) towel bar
4. Shower rod if applicable

C. **Site Address:** Homes rehabbed for resale shall meet the following standards:

1. When the scope of work addresses installation of street address numbers, they shall be displayed on the structure in an area visible from the street for each dwelling.

   Exception: Where a structure is located more than 100 feet from the street or road, or where local jurisdiction's regulations allow, street address numbers may be displayed on the mailbox near the street.
2. Characters shall be of contrasting color in relation to the background where they are applied.
3. Arabic numbers and alphabet letters shall be displayed in English language and minimum ½" stroke width and 4" in height.

D. **Mail Boxes:** Each dwelling rehabbed for resale shall have a mailbox installed per US Postal Service regulations unless client waives this requirement due to not receiving mail at the residence.

Division XI: Equipment

A. **Radon Reduction: In units known to have high radon levels:**. Units found to be at or above, 4pCi/l (PicoCuries per liter of air), shall install a Radon reduction system during the rehabilitation.

B. **Combustion Appliances**

1. Combustion Appliance Zone (CAZ) worst-case scenario draft test shall be performed on all atmospheric combustion appliances per BPI standards by qualified staff at the time of initial house evaluation.
2. CAZ testing must be conducted at the conclusion of any day that air sealing or other measures that may contribute to the air tightness of the combustion appliance zone(s) have been performed.

3. All CAZ test results during the construction phase and post inspection must pass acceptable standards.
4. If the initial CAZ tests reveal unacceptable results, the scope of work must state that this condition must be corrected first before proceeding with other work.
5. Documentation of all CAZ testing must be kept in the client file.

Division XII: Furnishings

A. Cabinets and Drawers: Where the scope of work includes replacement or repair of cabinetry the following standards shall apply:

1. **Existing Cabinets:** Cabinets shall be of sound construction and free of deterioration, with all doors, drawers, shelves, hardware, and other features in good condition and with a clean and sanitary finish.
2. **Replacement Cabinets**
   a. Cabinet fronts shall be made of solid wood (not particleboard).
   b. Doors, draws and fronts shall be factory finished.
   c. Cabinet ends shall be finished with appropriate veneer.
   d. All cabinets shall be Kitchen Cabinet Manufacturers Association (KCMA) approved.

B. Countertops: Where the scope of work includes replacement or repair of countertops the following standards shall apply:

1. **Existing Countertops:** Countertops and vanity tops shall be a smooth non-absorbent finish and free of defects such as holes, cracks, porous materials, or other defects which may retain moisture or food particles.
2. **Replacement Countertops**
   a. Shall be molded roll-backed, laminate plastic or Formica with finished ends and sealed at the cut out for the kitchen sink or basin.
   b. Other appropriate materials may be used such as synthetic molded tops, recycled glass tops, or other green construction friendly material.
   c. Consult the LHC Department of Construction Design and Review.

C. Closet Storage/Accessories: In homes rehabbed for resale or included in the scope of work, clothes closets shall contain 12" deep shelf, including a coat rod. Shelves with integrated hangar hooks may also be used.

Division XIII: Special Construction

A. Laundry: Laundry facilities located on the second floor shall be equipped with a washer overflow pan piped to carry the overflow to an appropriate location. This requirement covers new installations only, but recommended where feasible for existing locations.

B. Storage areas: Projects which incorporate accessory storage buildings or areas are encouraged. If storage areas are provided, in the scope of work, the following minimum design shall apply.

1. The storage area shall be a minimum of 48 sq. ft. for all units over 960 square feet of living space.

2. Interior ceiling height shall be a minimum of 7' in all storage areas and the width or depth shall not be less than 4' in any interior dimension.
3. Provide a pre-hung 3'0 x 6'8" entry door to the storage area with an entry lock.
4. The storage area may be provided by any of the following:
    a. A free-standing building architecturally similar to the house.
    b. Wood buildings, with T-111 or equal plywood siding, painted a compatible color with the primary structure are acceptable.
    c. Unfinished crawl space area.
    d. Metal buildings are not permitted.
5. Units that utilize an unfinished crawl space area for storage must create an appropriately-sized room with a concrete floor and provide the following:
    a. A pre-hung metal entry door 3'0" x 6' 8"
    b. 20-min. fire separation (walls and ceiling)
    c. A switched light fixture
    d. Adequate ventilation for hazardous fumes
    e. Access to the remainder of the crawl space.
6. Storage areas attached to the unit. Attached storage areas should be designed to complement and blend in with the home. This area shall have a concrete floor and provide the following:
    a. Footings complying with local requirements.
    b. A pre-hung metal entry door 3'0" x 6' 8"
    c. 20-min. fire separation (walls and ceiling)
    d. A switched light fixture
    e. Adequate ventilation for hazardous fumes

C. Ramps

1. It may be necessary to provide a ramp in the rehab project. If a ramp is provided it shall be constructed in compliance with ANSI A117.1-2003, ADA, UFAS, or any other nationally recognized accessibility code.
2. Ramps shall be constructed of approved materials suitable for the purpose, or a combination of materials in the following list:
    a. **Composite:** PVC or other with non-skid surface.
    b. **Concrete:** with non-skid surface.
    c. **Metal:** galvanized steel, or aluminum with non-skid surface.
    d. **Wood:** Pressure treated lumber.
    All exterior wood shall meet the requirements of LSUCC for application proposed.

<u>Division XIV: Fire Suppression</u>

Portable fire extinguisher should be provided in the locale of the kitchen for the typical application.

<u>Division XV: Plumbing</u>

A. Existing Plumbing: Where a rehab involves replacement or repair of plumbing elements or installation of new water supply or septic systems, the following standards shall apply:

1. All fixtures, water supply lines, and drain/waste/vent lines shall be in working condition, free of obstructions, leaks, or other defects which interfere with proper operation or sanitation of the system.
2. Defective fixtures shall be replaced with new, energy saving features.
3. Drain/waste/vent systems shall be connected to a public sewer or to an approved private sewage disposal system. Newly installed private systems shall be approved by the local health department (DHH).
4. Water supply shall be from either a public supply system or an approved private supply. Private supplies shall be approved by the Authority Having Jurisdiction.
    a. Water supply lines shall be insulated in all areas subject to freezing temperatures.
    b. Replacement fixtures shall be provided with water shut off valves at the fixture location or a central manifold which will isolate the individual fixture for servicing. The building's main shut off valve shall not be acceptable for this requirement.

B. New Plumbing

1. All repair, replacement, addition, or new installation of plumbing systems shall meet the LSUCC and shall be approved by a certified plumbing inspector.
2. Ordinary repairs and fixture replacement may not be subject to inspection by the certified inspector, but shall be subject to the applicable plumbing code.
3. The following specifications shall be the minimum size and/or quality for replacement plumbing fixtures:
    a. **Bath tubs** shall be 30" minimum from approach side to wall; made of fiberglass, acrylic, porcelain, or cultured marble.
    b. **Faucet housings** shall not be plastic.
    c. **Lavatories** shall be 15" minimum diameter; made of fiberglass, acrylic, porcelain, or, cultured marble.
    d. **Showers** shall be 36" x 36" minimum; made of fiberglass, acrylic, ceramic, or, cultured marble.
    e. **Toilets** shall be maximum 1.6 GPF; made of porcelain.
    f. **Kitchen sinks** shall be 6" deep minimum, stainless steel double bowl.
    g. **Laundry facilities** and **hot water heaters**, located on the second floor or higher, shall have an overflow pan piped into a DWV system, positive drain to the outdoors, or an approved floor drain. This requirement is for new installations but is recommended for existing locations.
    h. **Water heaters** shall have a minimum energy factor efficiency of .93 for electric and .67 for gas fired water heating equipment.

<u>Division XVI: Heating Ventilating and Air Conditioning</u>

A. Existing HVAC Systems

1. All existing mechanical appliances, fireplaces, solid-fuel burning devices, cooking appliances, water heating appliances and HVAC equipment shall be evaluated for efficiency and inspected for defective or inadequate operation, ductwork, clearance to combustibles, safety controls, energy supply, combustion air supply, combustion gas venting, insulation, air sealing, and equipment.

2. If the system is capable of serving the intended purpose and defective conditions exist, the defects shall be corrected to provide the most efficient operation of the existing system.
3. Fuel-burning equipment shall combust fuel safely and operate as close to the designed Annual Fuel Utilization Efficiency (AFUE) as possible.
4. Flue gases (oxygen and carbon monoxide), stack temperature, draft and smoke (where applicable) shall be within acceptable limits.
5. A pre and post rehab Combustion Appliance Zone (CAZ) worst case scenario draft test shall be performed on all atmospheric combustion appliances per BPI standards.
6. CAZ testing is highly recommended at the conclusion of each work day, especially when measures affecting the tightness of the envelope are being performed.
7. Combustible fuel burning appliances, their fuel supply lines, and their venting systems shall be inspected and tested for proper sizing, operation, leaks, deterioration, adequate combustion, clearance to combustibles and shall be in compliance with the manufacturers installation requirements, and where applicable NFPA 54, NFPA 211 and NFPA 31.
8. Furnaces, air conditioners, heat pumps, and air handlers more than 20 years old shall be replaced with energy efficient equipment.

B. Replacement Heating Ventilating and Air Conditioning Equipment

1. All dwelling units, receiving an upgrade to the HVAC system, shall be heated and cooled using high-efficiency equipment.
2. Heat pump systems shall have a minimum SEER (Seasonal Energy Efficiency Rating) rating of 14.5 with a minimum HSPF (Heating Seasonal Performance Factor) rating of 8.2.
3. Fuel oil and gas fired furnaces and boilers shall have an AFUE efficiency of 85 percent or higher.
4. Alternative HVAC systems may be evaluated for use by LHC's Department of Construction, Design and Review.
5. All replacement systems shall be sized in accordance with ASHRAE Manual J including mini-split and zoned systems.

C. Duct Sealing and Insulation: Where the scope of work includes new duct installation the following standards shall apply:

1. AII ducts, including exhaust vent ductwork, installed in unconditioned spaces, outside the thermal envelope of the structure, shall be sealed and insulated with an insulation wrap of minimum R-8 value.
2. Duct penetrations between conditioned space and unconditioned space through floors, walls, and ceilings, shall be sealed with approved materials, preventing conditioned air from entering unconditioned space or escaping to the exterior.
3. Duct insulation shall extend to the floor, wall, or ceiling membrane where the supply duct passes through unconditioned space and terminates at a membrane of conditioned space.
4. Duct systems, located outside the thermal envelope of the dwelling, shall be pressure tested by qualified staff in accordance with the following criteria.
    a. Post construction test: Leakage to outdoors shall be less than or equal to 8 cf/m (226.5 L/min) per 100 ft2 (9.29 m2) of *conditioned floor area* or a total leakage less than or equal to 12 cf/m (12 L/min) per 100 ft2 (9.29 m2) of *conditioned*

floor area when tested at a pressure differential of 0.1 inches w.g. (25 Pa) across the entire system, including the manufacturer's air handler enclosure.

b. All register boots shall be taped or otherwise sealed during the test.

c. *Documentation of all duct testing (Pre and Post) shall be kept in the client file.*

D. Programmable Thermostats

1. All newly installed HVAC systems shall be controlled by a programmable thermostat.
2. Existing programmable thermostats must be evaluated to ensure the device can still deliver the features designed by the manufacturer.
3. Training must be provided to tenants/clients on use.

E. Building Ventilation

1. The dwelling must be evaluated for compliance with Section 4 of the ASHRAE 62.2-2010 Ventilation and Acceptable Indoor Air Quality in Low-Rise Residential Buildings.
2. In no case shall the whole building ventilation rate be reduced below minimum whole-building ventilation requirements of ASHRAE 62.2 standards.
3. Where ventilation rates do not meet ASHRAE 62.2 standards, mechanical ventilation shall be provided to maintain minimum ventilation rates.
4. Existing exhaust ventilation discharge must be evaluated for proper discharge location.

   Relocation of exhaust vents may be required if located too close to fresh air intakes of the dwelling.

F. Range Hoods: When the scope of work includes installation of a range hood, the following standards shall apply:

1. All dwelling units shall be equipped with a minimum 150 CFM range hood vented to the exterior of the building.
2. Use manufacturer's recommended ducting material sized per installation instructions.
3. Exhaust ducting shall be concealed with a finish similar to the adjacent cabinetry where it extends above the wall cabinets through the ceiling.
4. Exhaust ducts shall terminate, at the exterior of the structure, in an exhaust hood, equipped with a back draft damper.

Exceptions and Considerations:

a. Designs utilizing Energy Recovery Ventilation technology may use a recirculation hood as a part of the ventilation design in combination with other intake and exhaust air openings.

b. Hoods vented to the exterior may contribute to compliance with ASHRAE 62.2.

c. If a waiver is granted, recirculation hoods shall be equipped with an activated charcoal filter. Approval must be obtained prior to installation from the LHC Department of Construction, Design and Review.

G. Bathroom Ventilation: When the scope of work involves rehabilitation of a bathroom, the following standards shall apply:

1. Bathrooms shall have a properly installed ventilation fan, minimum 50 CFM, vented to the exterior, penetrating the structure's outermost membrane. Ventilation fans vented to the exterior may contribute to compliance with ASHRAE 62.2.

Exception: A ventilation fan is not required where existing window openings provide minimum ventilation required LSUCC.

2. Exhaust fan ducts systems shall be equipped with a back draft damper, terminate at the exterior of the structure, in a receptacle designed for this use and location.

H. Clothes Dryer Exhaust: Newly installed clothes dryers shall exhaust directly to the exterior, through the exterior membrane of the structure.

1. Exhaust ducts shall terminate, at the exterior of the structure, in an exhaust hood, equipped with a back draft damper.
2. Ducts shall be minimum 4" diameter with a smooth interior surface.
3. Joints shall be joined together in the direction of air flow.
4. No fasteners or screws shall penetrate the walls of the duct.
5. Exhaust ducts shall not be more than 25' equivalent length from the laundry area to the exterior of the structure. 90 degree ells = 5' equivalent length. 45 degree ells = 2.5' equivalent length. Straight duct is 1' linear length = 1' equivalent length.
6. In the laundry area, a maximum 8' length of flexible duct may be connected from the dryer exhaust duct to the clothes dryer.

I. Existing Clothes Dryer Exhaust:

1. Existing clothes dryer exhaust ducts shall be inspected and replaced if constructed of flexible, corrugated duct material.
2. Existing exhaust ducts shall be cleaned if blockage is discovered during inspection.
3. Existing clothes dryers exhausting to the interior environment shall be vented as closely as possible, in equivalent length of pipe run, to new exhaust installation requirements.

Division XVII: Electrical

A. Existing electrical system: In homes rehabbed for resale or if electrical alterations are included in the scope of work, the electrical system shall be evaluated for suitable size, minimum provisions, and electrical hazards by a licensed electrical contractor. The system shall meet the following minimum standards.

1. All visible deficiencies and hazards shall be corrected.
2. All receptacle outlets in bathrooms, laundry rooms, kitchens, and outdoor outlets shall be protected by a ground fault circuit interrupter (GFCI).
3. All entrances, common hallways, interior and exterior stairways, bathrooms, kitchens, laundry rooms, and HVAC equipment rooms shall contain at least one luminary and it shall provide adequate lighting for the area.
   a. All permanently installed light fixtures shall have Energy Efficient lamps installed if suitable for types of switches installed.
   b. All other rooms shall contain at least one wall switch controlled light.
   c. Repairs may require AHJ inspections.

B. Additions, Alterations, New Wiring

1. All new wiring or extensions of the existing electrical system shall meet the current edition of the National Electrical Code and shall be inspected and approved by the AHJ.
2. Additional loads may require re-evaluation of the service size.

C. Rehab Involving Complete Removal of Plaster or Wallboard:

1. In addition to meeting the requirements of the NEC, each room, hall, stair, and walk in closet shall have a minimum of one switch-operated overhead light.
2. Kitchens shall include switch-operated lighting over the cooking area, the sink area and the general or dining area.
3. Bathrooms shall be equipped with switch-operated over the lavatory area and the general area.
4. Smoke detectors shall be installed in accordance with the current edition of the LSUCC.

Division XVIII: Communications

Minimum Provisions: Homes rehabbed for resale shall comply with the following standards.
If the dwelling is not prewired, means to connect to telephone and cable communication devices must be considered. If feasible the following provisions shall be provided.

1. Provide wiring for communication devices, or a roughed-in box and blank trim plate, with a raceway and pull string leading to an accessible area such as the attic or crawlspace, to allow the future installation of the required communication devices.
2. A raceway shall also be provided from the point of service to an accessible area within the structure.

Division XIX: Electronic Safety and Security

A. Fire Detection and Alarm

1. **Smoke Alarms:** Smoke alarms shall be installed in existing and rehabbed dwellings at all of the following locations:
   a. On the ceiling or wall outside of each separate sleeping area in the immediate vicinity of bedrooms no more than 8' from the bedroom door.
   b. Within each room used for sleeping purposes.
   c. In each story within a dwelling unit, including basements and cellars but not including crawl spaces and uninhabitable attics.

   In dwelling units with split levels and without an intervening door between the adjacent levels, a smoke alarm installed on the upper level shall suffice for the adjacent lower level provided that the lower level is less than one full story below the upper level.

2. Smoke alarms shall be interconnected in a manner that activation of one alarm will activate all of the alarms in the individual unit.
3. The alarm shall be clearly audible in all bedrooms, over background noise levels, with all intervening doors closed.
4. Smoke alarms in existing areas are not required to be interconnected where alterations or repairs do not result in the removal of interior wall or ceiling finishes exposing the structure, unless there is an attic, crawl space, or basement available which provides access for interconnection without the removal of interior finishes.
5. Smoke alarms shall receive their primary power from the building wiring, provided that such wiring is served from a commercial source, and shall be equipped with a battery backup.

   Exception: Smoke alarms are permitted to be solely battery operated in buildings where:

a. No construction is taking place.
b. Where a wireless interconnected smoke alarm system, with a minimum 10 year warranty for the smoke alarms, is installed.
c. Buildings that are not served from a commercial power source.
d. Areas of buildings undergoing alterations or repairs that do not result in the removal of interior wall or ceiling finishes exposing the structure, providing access for wiring. If there is an attic, crawl space or basement available which could provide access for building wiring, without the removal of interior finishes, this exception will not apply.

B. Carbon Monoxide Alarms

UL listed carbon monoxide alarm(s) shall be installed outside of each sleeping area, in the immediate vicinity of all bedrooms, if one or both of the following conditions exist:

1. The dwelling contains fuel burning appliances.
2. The dwelling has an attached garage.

<u>Division XX: Earthwork</u>

A. Drainage: Homes rehabbed for resale or if correction of drainage is included in the scope of work, shall comply with the following standards:

Conditions causing inadequate drainage or standing water near the structure shall be corrected to provide adequate drainage away from the structure by one or more of the following suggested methods:

1. Adjust backfill to allow for 6" fall in 10' (4% slope) away from the foundation walls.
2. Adjust grade to create a swale to divert water away from the foundation walls.
3. Install a French drain near the structure and discharge to an approved drainage system, ditch, or water retention area.
4. An agency proposed and LHC approved method. Acceptable engineering practices will be considered.

<u>Division XXI: Exterior Improvements</u>

Sections A, B, C, D, and E shall apply to all houses rehabbed for resale.

A. Existing Trees and Shrubbery: Trees, shrubs, and other plantings shall be in a condition which does not prohibit access to the structure or utility connections, or cause damage to the structure or walkways.

B. Parking/Driveways:

1. Existing parking and driveways shall be restored to a good condition.
2. The parking area shall be one of the following materials:
   a. Crushed #57 limestone gravel, 4" thick, and compacted
   b. Hot mix asphaltic concrete pavement
   c. Concrete
3. For urban locations where onsite parking is not typical, local, street parking regulations shall apply.

C. Walkways:

1. Existing walkways shall be in a good condition and free of cracks and joints with elevation changes greater than ½". Defective conditions, such as excessive deterioration, shall be corrected by replacing the defective area.
2. All dwelling units shall have a paved walkway, from the parking area or street, to the dwelling's main entrance.
3. New walkways shall be constructed a minimum of 42" in width and 3 ½" in thickness.
    a. Walkways shall not exceed 4% slope in the direction of travel.
    b. Walkways shall have 2% cross slope, perpendicular to the direction of travel or crowned in the center, to allow for proper drainage.
    c. Walkways shall have isolation joints at connections to structures and cross walks per ACI 318 requirements.

D. Public walks

1. Public walkways shall be free of hazardous conditions and excessive deterioration.
2. Replacement of public walks shall be completed in accordance with the AHJ rules and regulations.
3. Replacement walkways shall be ADA complaint.

E. Soil Treatment-Termite Protection: If termites are discovered during initial evaluation or rehabilitation of the structure, provide proper and complete termite treatment by a licensed exterminator.

<u>Division XXII: Utility Services</u>

A. Capacity: Houses rehabbed for resale or if utilities are altered in the scope of work, shall meet the following standards.

1. All utility services shall be sized to adequately provide sufficient power, flow, volume, pressure, and drainage to allow for safe, dependable service of appliances and fixtures.
2. Insufficient supply of utilities shall be corrected during the rehabilitation process.

Exhibit 1: Deficiency List

Health Safety Issues:

Air quality:
Deficiency: You see mold or mildew or evidence of water infiltration or other moisture producing conditions.
Deficiency: You detect strong propane, natural gas, or methane gas odors that could:

- Pose a risk of explosion/fire.
- Pose a health risk if inhaled

Deficiency: You detect sewer odors.

Electrical:
Deficiency: You see exposed bare wires or openings in electrical panels.
Deficiency: You see water leaking, puddling or ponding on or immediately near any electrical apparatus. This could pose a risk of fire, electrocution or explosion.

Combustible materials:
Deficiency: Flammable materials or combustible materials are improperly stored near a heat or electrical source, causing the potential risk of fire or explosion.

Indoor Garbage:
Deficiency:
-Too much garbage has gathered; more than the planned storage capacity.
-or
-Garbage has gathered in an area not sanctioned for staging or storing garbage or debris.
Hazards
Deficiency: You see any physical defect that could cause cutting or breaking human skin or other bodily harm, generally in commonly used or traveled areas.
Deficiency: You see any physical defect that poses a tripping risk, generally in walkways or other traveled areas. Typically, the defect must present at least a three-quarter inch deviation.

Infestation:
Deficiency: You see evidence of infestation of insects, including roaches and ants throughout a unit or room, especially in food preparation and storage areas.
Deficiency: You see evidence of rats or mice sightings, rat or mouse holes, or droppings.

Level 3 Deficiencies:

Bathroom:
(lavatory) *Level 3:* The sink cannot be used because the sink or associated hardware is missing or has failed.

(drains) *Level 3:* The fixtures are not usable, because the drain is completely clogged or shows extensive deterioration.

(faucets in bathroom) *Level 3:* You see a steady leak that is adversely affecting the area around it.
-or

The faucet or pipe cannot be used.

(shower/tub) *Level 3:* The shower or tub cannot be used for any reason. The shower, tub, faucets, drains, or associated hardware is missing or has failed.

(water closet) *Level 3:* The bowl is fractured or broken and cannot retain water.
-or
The water closet/toilet is missing.
-or
There is a hazardous condition.
-or
The water closet/toilet cannot be flushed, because of obstruction or another defect.

Help/Call System:
(call for aid) *Level 3: The system does not function.*

Interior Unit Ceilings:
(ceiling) *Level 3:* You see bulging, buckling, sagging, or a problem with alignment.

(ceiling) *Level 3:* You see a hole that penetrates the area above. You can see through it.

(ceiling water damage) *Level 3:* On 1 ceiling, you estimate that a very large area (more than 1 square foot) of its surface has been substantially saturated or damaged by mold or mildew. The ceiling surface may have failed.

Unit Doors:
(doors) *Level 3:* At least 1 bathroom door or entry door is not functioning or cannot be locked because of damage to the frame, header, jamb, threshold, lintel, or trim.

(door hardware) *Level 3:* A bathroom door or entry door does not function as it should because of damage to the door's hardware.

-or
A bathroom door or entry door that requires locking cannot be locked because of damage to the door's hardware.
(doors surface damage) *Level 3:* One door has a hole or holes larger than 1 inch in diameter, significant peeling/cracking/no paint, rust that affects the integrity of the door surface, or broken/missing glass.

(security doors) *Level 3:* A security door is not functioning or missing.
Comment:
Level 3: "Missing" applies only if a security door that should be there is not there.

(doors) *Level 3:* The seals are missing on 1 entry door, or they are so damaged that they do not function as they should.

(doors) *Level 3:* A bathroom door or entry door is missing.
-or

You estimate that more than 50% of the unit doors, not including bathroom doors and entry doors, are missing.

Electrical System:
(electrical system) *Level 3:* One or more fixed item(s) of sufficient size and weight can impede access to the unit's electrical panel during an emergency.

(breakers/fuses) *Level 3:* You see any carbon residue, melted breakers, or arcing scars.

(electrical leaks/corrosion) *Level 3:* Any corrosion that affects the condition of the components that carry electrical current.
-or
Any stains or rust on the interior of electrical enclosures.
-or
Any evidence of water leaks in the enclosure or hardware.

(electrical wiring) *Level 3:* You see any nicks, abrasions, or fraying of the insulation that expose any conducting wire.

(GFCI protection) *Level 3:* The GFI does not function.

(fuses/breakers) *Level 3:* You see an open breaker port.

(electrical covers) *Level 3:* A cover is missing, and you see exposed electrical connections.
Floors:

(floors) *Level 3:* You see bulging, buckling, sagging, or a lack of horizontal alignment.

(floor covering) *Level 3:* You estimate that more than 50% of any single floor surface is affected by Level 1 deficiencies.
-or
The condition causes a safety problem.
Level 1: For any single floor surface, you see deficiencies in areas of the floor surface. You estimate that 5% to 10% of the floor is affected, and there are no safety problems.

(floor water damage) *Level 3:* On 1 floor, you estimate that a very large area (more than 1 square foot) of its surface has been substantially saturated or damaged by mold or mildew. The floor surface may have failed.

(floors deterioration) *Level 3:* You see large areas of rot, more than 4 square feet, and applying weight causes noticeable deflection.

(floor covering) *Level 3:* You estimate that more than 50% of any single soft floor covering is damaged.
-or
Damage to the soft floor covering exposes the underlying material.

Water Heater:
(water heater deterioration) *Level 3:* Because of this condition, the equipment or piping does not function.

(water heater inoperable) *Level 3:* After running, water from the hot water taps is not warmer than room temperature.

(water heater leaking *Level 3:*You see water leaking.

(water heater vent) *Level 3:* You see any misalignment of an exhaust system on a gas fired or oil fired unit that may cause improper or dangerous venting of gases.

(water heater pressure relief) *Level 3:* You see that the pressure relief valve on the unit water heating system is either missing or does not extend to the floor.

Heating System:
(heating unit) *Level 3:* At least 1 cover is missing or substantially damaged, allowing contact with heating/surface elements or associated fans.

(HVAC inoperable) *Level 3:* The HVAC system does not function; it does not provide the heating or cooling it should. The system does not respond when the controls are engaged.

(HVAC vent) *Level 3:* You see any misalignment of an exhaust system on a gas fired, oil fired or coal unit that may cause improper or dangerous venting of gases.

Kitchen:
(kitchen cabinets) *Level 3:* You see that more than 50% of the cabinets, doors, or shelves are missing or the laminate is separating.

(kitchen drains) *Level 3:* The drain is completely clogged or has suffered extensive deterioration.

(kitchen leaks) *Level 3: You see a steady leak that is having an adverse affect on the surrounding area, and the faucet or pipe is not usable.*

(range hood) *Level 3:* The exhaust fan does not function.
-or
You estimate that the flue may be completely blocked.

(kitchen range) *Level 3:* The unit is missing.
-or
Two or more burners are not functioning.
-or
The oven is not functioning

(kitchen refrigerator) *Level 3:* The refrigerator is missing.
-or
The refrigerator does not cool adequately for the safe storage of food.

(kitchen sink) *Level 3:* The sink or hard ware is either missing or not functioning.

Laundry:
(laundry) *Level 3:* Dryer vent is missing, damaged or is visually determined to be inoperable (blocked). Dryer exhaust is not effectively vented to the outside.

Electrical System:
(lighting) *Level 3:* In more than 2 rooms, a permanent light fixture is missing or not functioning, and no other switched light sources are functioning in the rooms.

(outlet/switches) *Level 3:* An outlet, switch or both are missing.

(outlet/switch cover plates) *Level 3:* A cover plate is missing, which causes wires to be exposed.

Porch:
(porch railings) *Level 3:* The baluster or side rails enclosing this area are loose, damaged or missing, limiting the safe use of this area.

Smoke Detectors:
(smoke detectors) *Level 3:* A single smoke detector is missing or does not function as it should.

Stairs:
(stairs) *Level 3:* A step is broken or missing.

(handrails) *Level 3:* The handrail for 4 or more stairs is either missing, damaged, loose or otherwise unusable.

Walls:
(walls) *Level 3:* You see bulging, buckling, sagging, or that the wall is not longer vertically aligned.

(walls damage) *Level 3:* You find a hole of any size that penetrates an adjoining room. You can see through the hole.
-or
Two or more walls have Level 2 holes.
Level 2: In a wall, you find a hole, missing tile or panel, or other damage that is larger than a sheet of paper, 8 ½ inches by 11 inches, and does not penetrate the adjoining room. You cannot see through it to the adjoining area.

(walls trim) *Level 3:* You see significant areas of deterioration in the wall surfaces, and you estimate that more than 50% of the wall area is affected.

(walls water damage) *Level 3:* On 1 wall, you estimate that a very large area (more than 1 square foot) of its surface has been substantially saturated or damaged by mold, or mildew. The wall surface may have failed.

Windows:
(window glass) *Level 3:* You see that a window pane is broken or missing from the window sash.

(window security) *Level 3:* A window is not functioning, but cannot be secured. In the immediate **area, there are no other windows that are functioning properly.**

(window sealing) *Level 3:* There are missing or deteriorated caulk, seals and/or glazing compound with evidence of leaks or damage to the window or surrounding structure.

(window security bars) *Level 3:* Exiting or egress is severely limited or impossible, because security bars are damaged, improperly constructed/installed, or security bars that are designed to open cannot be readily opened.

Appendix D

Compliance Monitoring Agreement

2415 Quail Drive, Baton Rouge, LA 70808
Main: 225-763-8700 | Toll-Free: 888-454-2001
Business Hours: 8:00 a.m. to 4:30 p.m. CST Monday- Friday

COMPLIANCE MONITORING LOW INCOME HOUSING TAX CREDITS UNIT

The fundamental rules of the LIHTC program appear in Section 42 of the Federal Internal Revenue Service Code (The Code) and the State of Louisiana's Qualified Allocation Plan (QAP). In addition to Section 42 of the Code and the QAP, LIHTC project owners/managers should familiarize themselves with the items listed below:

A. LOW-INCOME OCCUPANCY REQUIREMENTS

Owners of projects receiving LIHTCs agree to make a portion or all of the units in the property available for occupancy by low-income tenants. LIHTC Owners also agree to keep the rents for these units affordable to low-income tenants. The program establishes maximum rents for qualified low-income units in a project, based on a percentage of the area median income and unit size. The LIHTC minimum set-aside requirement selected by the owner establishes the project's minimum low-income occupancy. To qualify for LIHTCs, a project must contain a minimum number of qualified TC units. This number is determined by the minimum set-side selected for the project by the owner. The income requirement that TC units must satisfy differs according to the minimum set-aside selected. An owner must choose one of the following low-income set-asides:

i. 20/50 Set-Aside. This set-aside requires that a minimum of 20 percent of the units in a project be qualified TC units leased to tenants with incomes less than or equal to 50 percent of the area median income, adjusted for household size.

ii. 40/60 Set-Aside. This set-aside requires that a minimum of 40 percent of the units in a project be qualified TC units leased to tenants with incomes less than or equal to 60 percent of the area median income, adjusted for household size.

iii. 15/40 Set-Aside (Deep-Rent Skewed). This set-aside requires a minimum of 15 percent of the low-income units in a project be qualified TC units leased to tenants with incomes less than or equal to 40 percent of the area median income, adjusted for household size. Rent must be restricted to 30 percent of the applicable income level and rent for low-income units is not greater than 50 percent of rents charged to market rate tenants for comparable units.

All LIHTC projects must contain enough qualified TC units to satisfy the chosen set-aside by the end of the tax year following the year that the project was placed in service. If a project does not have enough TC units, the owner cannot claim the project's LIHTCs.

B. CERTIFICATION AND REVIEW

1. *Certification*. Owners must certify at least annually to the LHC that, for the preceding twelve (12) month period—

    i. the project met the requirements of the 20-50 test under Section 42(g)(1)(A), the 40-60 test under Section 42(g)(1)(B), whichever is applicable to the project;

    ii. there was no change in the applicable fraction (as defined in Section 42(c)(1)(B)) of any building in the project, or that there was a change, and a description of the change;

iii. the owner has received an annual income certification from each low-income tenant, and documentation to support that certification consistent with paragraph B.1.vii. of this section;

iv. each low-income unit in the project was rent-restricted under Section 42(g)(2);

v. all units in the project were for use by the general public, including the requirement that no finding of discrimination under the Fair Housing Act occurred for the project (meaning an adverse final decision by HUD, a substantially equivalent state or local fair housing agency or federal court);

vi. the buildings and low-income units in the project were suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the State or local government unit responsible for making local health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the project (owners must attach any violation report or notice to its annual certification and state whether the violation has been corrected);

vii. there was no change in the eligible basis (as defined in Section 42(d)) of any building in the project, or if there was a change, the nature of the change;

viii. all tenant facilities included in the eligible basis under Section 42(d) of any building in the project were provided on a comparable basis without charge to all tenants in the building;

ix. if a low-income unit in the building became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income;

x. if the income of tenants of a low-income unit in the project increased above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the project was or will be rented to tenants having a qualifying income; and

xi. an extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937;

xii. all low-income units in the project were used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(i)(3)(B)(iii) or single room-occupancy units rented on a month-by-month basis under Section 42(i)(3)(B)(iv));

xiii. no tenants in low-income units were evicted or had their tenancies terminated other than for good cause and no tenants had an increase in the gross rent with respect to a low income unit not otherwise permitted under Section 42;

xiv. the ownership entity meets the requirements of the nonprofit set-aside if the project was allocated as such; and

xv. no unauthorized changes in ownership or management agent(s) have occurred.

2. *Review.*

i. The LHC will review the certifications submitted under paragraph B.1 of this section for compliance with the requirements of Section 42.

ii. With respect to each tax credit project—

a. the LHC will conduct on-site inspections of all buildings in the project by the end of the second calendar year following the year the last building in the project is placed in service and, for at least twenty percent (20%) of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and

b. at least once every three (3) years, the LHC will conduct on-site inspections of all buildings in the project and, for at least twenty percent (20%) of the project's low income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units.

iii. The LHC will randomly select low-income units and tenant records to be inspected and reviewed.

3. *Frequency and Form of Certification.* The certifications and reviews of paragraph B.1 and 2. of this section will be made annually covering each year of the fifteen (15) year compliance period under Section 42(i)(1). The owner certifications will be made under penalty of perjury.

C. RECORDKEEPING AND RECORD RETENTION

1. *Recordkeeping.* Owners must keep records for each qualified low-income building in the project that show for each year in the compliance period—

i. the total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);

ii. the percentage of residential rental units in the building that are low-income units;

iii. the rent charged on each residential rental unit in the building (including any utility allowances);

iv. the number of occupants in each low-income unit, but only if rent is determined by the number of occupants in each unit under Section 42(g)(2);

v. the low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented;

vi. the annual income certification of each low-income tenant per unit (for an exception to this requirement), see Section 42(g)(8)(B));

vii. documentation to support each low-income tenant's income certification (other than as covered by the special rule for a 100 percent low-income building) as determined under Section 8 or by a public housing authority;

viii. the eligible basis and qualified basis of the building at the end of the first year of the credit period; and

ix. the character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d).

2. *Record Retention.* Owners must retain the records described in paragraph C.1 of this section for at least six (6) years after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the credit period, however, must be retained for at least six (6) years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.

3. *Inspection Record Retention.* Owners must retain the original local health, safety, or building code violation reports or notices that were issued by the State or local government unit (as described in Section B.1.vi.) for the LHC's inspection under paragraph E. Retention of the original violation reports or notices is not required once the LHC reviews the violation reports or notices and completes its inspection, unless the violation remains uncorrected.

D. 15 YEAR COMPLIANCE PERIOD / 15 YEAR EXTENDED USE PERIOD

1. *Compliance and Extended Use Periods.* LIHTC project owners agree to comply with the program's affordability requirements throughout the compliance period for the project. Owners receiving a commitment of LIHTCs in 1990 or subsequent years execute an extended use agreement for the project which establishes a 15-year low-income occupancy extended use period and a 15-year low-income occupancy compliance period. Project owners receiving LIHTCs between 1987 and 1989 have a 15-year low-income occupancy commitment. A project's regulatory and extended use agreement are is a deed restriction (entitled "Tax Credit Regulatory Agreement of the Louisiana Housing Corporation") that project owners must sign and record in the local parish, clerk of court records at the time that the LIHTC project is placed in service. The agreement establishes the occupancy and affordability requirements, called special conditions, for the property, as well as the owner's obligations to LHC. The owner agrees to the restrictions on the use of the property set forth in the regulatory agreement.

The regulatory agreement binds the project owner and all succeeding owners for the full term of the agreement, regardless of whether the regulatory agreement is formally re-executed by the purchaser at the time of sale, assignment or assumption.

E. INSPECTIONS

1. UPCS

2. *In General.* The LHC has the right to perform an on-site inspection of any tax credit project at least through the end of the extended use period.

3. *Inspection Standard.* For the on-site inspections of buildings and low-income units required by paragraph B.2.ii. of this section, the LHC will review any local health, safety, or building code violations reports or notices retained by the owner under paragraph C.3. in order to determine whether—

   i. the buildings and units are suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards); or

   ii. the buildings and units satisfy, as determined by the LHC, the uniform physical condition standards for public housing established by HUD (24 CFR 5.703).

   The HUD physical condition standards do not supersede or preempt local health, safety, and building codes. A tax credit project under Section 42 must continue to satisfy these codes. The LHC will report any violation of these codes to the Service.

F. NOTIFICATION OF NONCOMPLIANCE

1. *In General*. The LHC will give the notice described in paragraph F.2.of this section to the owner of a tax credit project and the notice described in paragraph F.3 of this section to the Service.

2. Notice to Owner. The LHC will provide prompt written notice to the owner of a tax credit project if the LHC does not receive the certification described in paragraph B.1. of this section, or does not receive or is not permitted to inspect the tenant income certifications, supporting documentation, and rent records described in paragraph B.2.ii. of this section, or discovers by inspection, review, or in some other manner, that the project is not in compliance with the provisions of Section 42.

3. Notice to Internal Revenue Service.

   a. The LHC will file Form 8823, "Low-Income Housing Credit Agencies Report of Noncompliance," with the Service no later than 45 days after the end of the correction period (as described in paragraph F.4. of this section, including extensions permitted under that paragraph) and no earlier than the end of the correction period, whether or not the noncompliance or failure to certify is corrected. The LHC will explain on Form 8823 the nature of the noncompliance or failure to certify and indicate whether the owner has corrected the noncompliance or failure to certify. Any change in either the applicable fraction or eligible basis under paragraph B.1.ii. and vii. of this section, respectively, that results in a decrease in the qualified basis of the project under Section 42(c)(1)(A) is noncompliance that will be reported to the Service under this paragraph

F.3. If the noncompliance or failure to certify is corrected within three (3) years after the end of the correction period, the LHC will file Form 8823 with the Service reporting the correction of the noncompliance or failure to certify.

b. LHC retention of records. The LHC will retain records of noncompliance or failure to certify for six (6) years beyond the LHC's filing of the respective Form 8823. In all other cases, the LHC will retain the certifications and records described in paragraph C. of this section for three (3) years from the end of the calendar year the LHC receives the certifications and records.

4. *Correction Period*. The correction period shall be that period specified in the monitoring procedure during which an owner must supply any missing certifications and bring the project into compliance with the provisions of Section 42. The correction period is not to exceed ninety (90) days from the date of the notice to the owner described in paragraph E.2 of this section. The LHC may extend the correction period for up to six (6) months for good cause.

G. RESALE REQUIREMENTS

After an initial compliance period of 15 years, owners may sell a project only to a qualified buyer that agrees to maintain the low-income occupancy of the project if a qualified contract is presented to the owner by the housing credit agency within prescribed periods. Owners acquiring LIHTC projects must do so, subject to the restriction of the regulatory agreement. Owners of pre-1989 projects that have low-income occupancy compliance periods of only 15 years may sell the property to any buyer once their commitment has been fulfilled.

H. MIXED INCOME PROPERTIES

Mixed income properties require special tracking to comply with the 140% rule, next available unit rule, and the vacant unit rule.

I. ADDITIONAL REQUIREMENTS

Additional requirements may apply, based on the state Qualified Allocation Plan for the year a development's housing credits were allocated usually listed as special conditions.

J. LIHTC RECAPTURE PROVISIONS

If a project's qualified basis for a given tax year has decreased from the previous year, the IRS will recapture some or the entire accelerated portion of the project's credits claimed in previous years plus interest. A drop in the project's low-income occupancy reduces its qualified basis and triggers a recapture of LIHTCs. (Note: The accelerated portion refers to the additional amount of credits that the owner has been allowed to claim as a result of the program's use of a 10-year credit period rather than a 15-year credit period. Generally, the accelerated portion is equal to one-third of the credits claimed).

The determination of the amount to be recaptured is made by the IRS based on information reported by the owner and LHC, as well as data gathered by the IRS. The IRS will recapture the

credits by increasing the owner's tax liability to cover the credit recapture amount with interest. IRS Form 8611 and its instructions explain how the recapture amount and any interest charged are calculated.

K. KEEPING SUFFICIENT LIHTC UNITS

To retain the full tax benefits from an LIHTC project, the minimum qualified basis established at the time the owner began claiming credits must be maintained throughout the compliance period. More specifically, owners/managers must make sure that (i) the applicable fraction of TC units for the project does not drop below the fraction established in the first year of the credit period and (ii) that the owners/managers avoid subsequent actions which affect eligible basis to avoid a drop in qualified basis.

If the qualified basis of any project falls below the qualified basis reported for the preceding year, the owner may not be able to claim the full amount of the project's credits for that year and the IRS may recapture a portion of the project's tax credits claimed in previous years. If the low-income occupancy of the project falls below the applicable minimum set-aside, the owner cannot claim any of the project's credits for that year and the IRS will take action to recapture credits claimed in previous years (see LIHTC Recapture Provisions above).

L. PROJECTS RECEIVING ASSISTANCE THROUGH OTHER PROGRAMS

1. *Addressing Overlapping Requirements.* LIHTC projects may be receiving assistance from other federal or state housing programs. Other programs include but are not limited to:

    i. HOME Program (HUD)

    ii. Affordable Housing Disposition Program (FDIC)

    iii. Historic Tax Credits Program

    iv. CDBG Grants/Loans (See Local Program Requirements)

    v. Rental Rehabilitation

    vi. Affordable Housing Program (Federal HOME Loan Bank)

    vii. RD 515 Program (USDA)

    viii. Section 8 Program (HUD)

    ix. Piggy Back (OCD Funding)

    x. Permanent Supportive Housing Developments (PSH)

2. In cases where LIHTC requirements differ from those of other programs, owners/managers should follow the most restrictive requirement. Taking this approach will ensure owners/managers meet LIHTC requirements and their responsibilities under other applicable

programs. For example, the Federal Deposit Insurance Corporations Affordable Housing Disposition Program (AHDP) requires that the dwelling lease for designated qualifying units include specific provisions. If an LIHTC project was purchased through AHDP, the leases of TC units that are also counted as qualifying units under AHDP must contain the required provisions.

Appendix E

Asset Management Procedures

2415 Quail Drive, Baton Rouge, LA 70808
Main: 225-763-8700 | Toll-Free: 888-454-2001
Business Hours: 8:00 a.m. to 4:30 p.m. CST Monday- Friday

Asset Management

Federal law requires the Corporation to monitor low-income housing tax credit and TCAP properties for compliance with the requirements of §42 of the IRC and notify the IRS of any noncompliance. The Corporation is responsible for monitoring compliance of reporting requirements, regulatory compliance and ensuring the ongoing physical and long-term viability of all low-income housing tax credit and TCAP funded projects.

The LHC Asset Management Department is responsible for monitoring all projects that have been placed in service. The goal of the Asset Management Department is provide oversight of the project's financial performance, physical condition and compliance with applicable regulations to ensure projects are providing safe and affordable housing.

Throughout the Compliance Period and Extended Use Period, monitoring of the projects performance will include a review of following:

a. Initial Underwriting Assumptions
b. Annual Audited Financial Statements and Supplemental Information
c. Regulatory Annual Reporting / Submission Requirements
d. Onsite Monitoring / Physical Condition

The initial underwritten assumptions for funded projects are set forth in the Section IV-D of the 2015 Qualified Allocation Plan and are listed below:

- 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 OCAF or three percent (3%).

- Required Debt Service Ratios: Debt service ratios may not fall below 1.15 (1.10 for RHS 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.

- 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.

- 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.

- Vacancy Rate: 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.

- 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.

- 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.

- Minimum Operating and Maintenance Expenses: 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.

- Minimum Reserve Balance: Minimum operating reserves should equal six months of projected operating expenses. 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.

Audited Financial Statements will be required annually based upon the following:

- Audited Financial Statements: Tax Payer / 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 from replacement must be explained in the footnotes to the audit and all payments to related Persons and contractors with an identity of interests to the Tax Payer / Owner must be

identified. Annual audits must be received within one hundred and twenty days (120) after the end of each fiscal year.

Other annual reporting requirements include:

- Compliance Monitoring Fees: The Corporation shall charge an annual compliance monitoring fee of $33 per unit, for all low income housing tax credit properties, in order to reimburse the Corporation for the cost of monitoring compliance with §42 of the IRC. The fee will be charged on February 15th of each year for the preceding calendar year.

- HUD Tenant Data Collection: Pursuant to the Housing and Economic Recovery Act of 2008 (HERA), the Corporation is required to furnish to the Secretary of Housing and Urban Development, not less than annually, information concerning the race, ethnicity, family composition, age, income, use of rental assistance under section 8(o) of the US Housing Act of 1937 or other similar assistance, disability status, and monthly rental payments of all low income housing tax credit households.

  Accordingly, the Corporation shall collect such information annually from the owners of low income housing tax credit properties in the form and at the times required to facilitate the Corporation's reporting requirements.

- Owners Certification: Under the certification provision, the owner of a low-income housing project must be required to certify at least annually to the Corporation that, for the preceding 12-month period -

  (i) the project met the requirements of the 20-50 test under Section 42(g)(1)(A), the 40-60 test under Section 42(g)(1)(B), whichever is applicable to the project;
  (ii) there was no change in the applicable fraction (as defined in Section 42(c)(1)(B)) of any building in the project, or that there was a change, and a description of the change;
  (iii) the owner has received an annual income certification from each low-income tenant, and documentation to support that certification consistent with paragraph (b)(1)(vii) of this section;
  (iv) each low-income unit in the project was rent-restricted under Section 42(g)(2);
  (v) all units in the project were for use by the general public, including the requirement that no finding of discrimination under the Fair Housing Act occurred for the project (meaning an adverse final decision by HUD, a substantially equivalent state or local fair housing agency or federal court);
  (vi) the buildings and low-income units in the project were suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the State or local government unit responsible for making local health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the project (owners must attach any violation report or notice to its annual certification and state whether the violation has been corrected);
  (vii) there was no change in the eligible basis (as defined in Section 42(d)) of any building in the project, or if there was a change, the nature of the change;
  (viii) all tenant facilities included in the eligible basis under Section 42(d) of any building in the project were provided on a comparable basis without charge to all tenants in the building;

(ix) if a low-income unit in the building became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income;

(x) if the income of tenants of a low-income unit in the project increased above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the project was or will be rented to tenants having a qualifying income; and

(xi) an extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937;

(xii) all low-income units in the project were used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(i)(3)(B)(iii) or single room- occupancy units rented on a month-by-month basis under Section 42(i)(3)(B)(iv));

(xiii) no tenants in low-income units were evicted or had their tenancies terminated other than for good cause and no tenants had an increase in the gross rent with respect to a low income unit not otherwise permitted under Section 42;

(xiv) the ownership entity meets the requirements of the nonprofit set-aside if the project was allocated as such; and

(xv) no unauthorized changes in ownership or management agent(s) have occurred.

LHC will perform onsite monitoring of projects in accordance with §42 of the IRC. Detailed monitoring procedures are provided in the Corporation's Compliance Monitoring Guide.

The Corporation reserves the right to adopt and modify standards, policies, procedures and requirements as necessary to comply with changes in applicable industry standards, federal law or regulations in administering the low-income housing tax credit and TCAP programs.