



Louisiana Housing
Corporation

2020

Qualified Allocation Plan

Section I - Introduction	4
Section II - Qualified Allocation Plan	4
A. Requirements of the QAP	6
B. Governing Document	7
C. Modification of Program Instructions, Requirements, and Procedures	7
D. Approval Process of the QAP	7
E. Public Records Requests	7
Section III - Available Sources	7
A. Amount of Housing Credit Available	7
B. Maximum Tax Credits	8
C. Housing Credit Percentage	9
D. Basis Boost Determination	9
A. 9 Percent Competitive Application Process	11
<i>Evaluation of Competitive Applications</i>	12
B. Tax- Exempt Bond Financing and 4 Percent Housing Credit	15
C. Non-Refundable Fee Schedule	16
D. Underwriting Guidelines	19
<i>Pro Forma Cash Flows</i>	19
Section V - Threshold Requirements	21
<i>B. Special Requirements for Acquisition/ Rehab Projects Threshold Requirements</i>	24
C. Project Team/Developer Threshold Requirements	25
D. Other Threshold Program Requirements	27
E. Subcontractor Limits Related to Builder Profit and Overhead	31
F. Capital Needs Assessment	31
G. Processing Projects with Federal Funds or Insurance	31
H. Financing Commitments	31
I. Legal Description of Project Property Site	32
J. Market Study and Appraisals	32
<i>LHC Evaluation</i>	32
<i>Project Evaluation and Market Study Information</i>	33
<i>Content of Market Study</i>	34
Section VI - Post Award Processes & Requirements	36
A. Post Reservation	36
<i>Carryover/Carry-Forward Allocation of Tax Credits</i>	37
<i>Tenant Selection Plans</i>	37
B. Placed in Service Process and Procedure	37
<i>Placed in Service Requirements</i>	37
<i>Fees to CHDO or Non-profit General Partner</i>	38
<i>Compliance Training Requirements</i>	38
<i>Extended Use Agreement, Compliance Monitoring and Other Requirements</i>	38
<i>Annual Audits</i>	38
<i>Construction Monitoring Criteria</i>	39

<i>Compliance Monitoring Procedures (entire section replaced)</i>	41
C. Application Revisions.....	42
<i>Notification of Material Change</i>	42
<i>Notification of Reprocessing Change</i>	42
<i>Site Change</i>	43
<i>Deviations from Selection Criteria in Submitted Application</i>	43
<i>Management Company Updates</i>	44
Section VII- Selection Criteria	44

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 2020 Qualified Allocation Plan (the 2020 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 decent, safe, affordable, energy efficient residential rental units to be added to the State's housing supply. The Corporation also seeks to prevent the loss of existing residential rental housing by encouraging the preservation of the current stock of affordable rental housing units. To ensure that new LIHTC properties remain affordable for the duration of the extended use period, LHC will require all applicants to waive their right to submit a qualified contract as a condition of receiving an allocation of tax credits.

The Corporation has engaged with the Public Administration Institute (PAI) at Louisiana State University in the production of a [Housing Needs Assessment \(HNA\)](#). Through a Cooperative Endeavor Agreement (CEA), LHC and PAI are developing a process for incorporating local organizations, including universities, non-profits, and civic groups, into the long-term planning of affordable, safe, and energy-efficient housing policy in Louisiana. The 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.

The Corporation welcomes the participation of for-profit and non-profit organizations in the acquisition, development and operation of accessible affordable housing developments in both rural and urban communities. The Corporation anticipates that the policies of the 2020 QAP will increase the production of affordable housing units in rural, emerging growth areas/cities and under-served parishes of the State.

Section II - Qualified Allocation Plan

The 2020 QAP reflects a policy framework within which the Corporation will allocate low-income housing credits (LIHTCs, credits, or tax credits) and other resources to taxpayers for the development of affordable housing that addresses the housing needs of Louisiana's citizens.

Purpose

In accordance with Section 42 of the IRC, the LHC develops the Qualified Allocation Plan (QAP), which sets forth (1) the criteria to evaluate and allocate LIHTC to projects which best meet the housing needs of the State. The QAP includes preferences required by Section 42 of the IRC and (2) the procedures

to monitor for compliance with the provisions of the LIHTC Program. Historically, the Louisiana Housing Corporation has utilized the QAP to allocate the Low Income Housing Tax Credits through the submission of contemporaneous applications from that given year.

Overview

This proposed allocation plan shall be effective for reservations and awards of LIHTC associated with the 2020 calendar year credit ceiling with anticipated reservations and awards being made in part, to unfunded applications submitted in the 2019 LIHTC 9% funding round. Staff believes this 2020 QAP presents the opportunity to address a number of relevant issues related to the enhancement and production of affordable housing.

First, in review and consideration of the applications submitted in the 2019 funding round, staff determined that but for the limited availability of credits; applications that remain unfunded could be re-processed and funded in this 2020 QAP with approximately \$6,000,000.00 from the 2020 credit ceiling.

Additionally this QAP would allow the LHC to address financially distressed, previously funded projects from prior QAP application cycles that would benefit greatly from the infusion of additional 9% credits.

Finally, this 2020 QAP will allow LHC to implement a resource to focus on unforeseen cost issues post award for future awardees of 9% Low Income Housing Tax Credits by setting aside a portion of the credit ceiling to address certain cost overruns experienced by developers.

Objectives

LHC's staff along with its underwriting team and tax counsel will review the proposed processes and implementation of this 2020 QAP undertaking. Note below the objectives and anticipated outcomes of this approach:

- 1. The 2019 QAP waitlist contains well-scored applications that could quickly move forward upon receipt of an award of credits.**
- 2. Developments that currently have an award of credits and are financially distressed due to unforeseen funding and cost issues such as increased construction cost, reduction in equity pricing, changes in financing commitments...etc., would be able to move forward to construction and completion. Eligible projects will meet underserved or historically unserved communities.**
- 3. The creation of a cost overrun contingency set-aside will allow the LHC to address ongoing challenges faced by developments that once funded may experience unforeseen financial difficulties.**

The LHC recognizes the continued unmet housing needs that exist in the state. This opportunity will provide a means to continue to address those needs. It creates an efficient and effective way to address unexpected cost issues within given parameters.

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

The federal laws establishing the LIHTC program are subject to change. Many terms used in this QAP are defined in [Section 42](#) or in related IRS regulations, and readers should refer to such sources for their proper interpretation. Therefore, the Corporation strongly encourages all applicants to seek experienced legal and accounting advice in order to comply with all Low-Income Housing Tax Credit Program requirements. While the Corporation may respond to requests for technical assistance to those applying for tax credits, applicants may not rely on the Corporation for legal or tax advice.

A. Requirements of the QAP

Section 42(m) of the Code requires that each allocating agency adopt an allocation plan that sets forth certain selection criteria to be used in determining priorities, including:

- Serving the lowest-income tenants
- Serving qualified tenants for the longest period
- Developing projects which are located in qualified census tracts [as defined in 26 U.S.C. Section 42(d)(5)(B)(ii)(I)] and the development of which contributes to a concerted community revitalization development plan

Section 42(m) of the Code also states that the selection criteria must consider the following:

- Project location
- Housing needs characteristics
- Project characteristics
- Sponsor characteristics
- Tenant populations with special housing needs
- Tenant populations with individuals with children
- Projects intended for tenant ownership
- Public housing waiting lists
- Energy efficiency
- Historic properties

LHC, in its sole discretion, has established selection criteria and preferences that satisfy the above Section 42(m) requirements and that reflect the housing needs and trends of the State of Louisiana.

B. Governing Document

The QAP is the governing document for the LIHTC Program. If any inconsistencies with other program documents, including but not limited to the Underwriting Application are noted, the Qualified Allocation Plan is the controlling document and dictates the Corporation's requirements for the LIHTC Program.

C. 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.

D. Approval Process of the QAP

The 2020 QAP is scheduled to be adopted by the LHC Board of Directors at the March 18, 2020 meeting. The 2020 QAP will be posted to the Corporation's website by no later than Noon CDT Friday, March 6, 2020. After publication, interested parties may submit written comments regarding only the content of the 2020 QAP to QAPCOMMENTS@LHC.LA.GOV. The deadline to submit questions is 4:00 PM CDT on Thursday, March 13, 2020. Comments submitted by this deadline may be addressed by the publication of Frequently Asked Questions (FAQs).

E. 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 one (1) funding round for the 2020 Credit Ceiling. The estimated total available in tax credits is \$14,917,830. However, approximately \$6,000,000 of the available credit ceiling for 2020 will be made available under this QAP. The allocation of the 2020 Credit Ceiling will proceed as stated above as a reprocessing of applications previously submitted under the 2019 QAP 9% competitive funding round and are currently identified on the 2019 waiting list as follows:

- Unfunded projects from the 2019 Waitlist

Qualified Non-Profit/CHDO Pool: Section 42(h)(3)(C)(ii) of the Code requires that at least ten percent (10%) of the housing credit ceiling (approximately \$1,491,783 for 2020) must be made available in Qualified Non-Profit/CHDO Pool for reservations to qualifying applications that evidence the material participation of a qualified non-profit organization.

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

- IRS 501(c)(3) or 501(c)(4) Determination Letter of non-profit organization;
- Articles of Incorporation and Bylaws of non-profit organization;
- CHDO approval letter from participation jurisdiction if applying as a CHDO, and evidence
- That one of more employees of the CHDO has 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; and
- A resolution from the Non-Profit or CHDO's Board of Directors that includes language authorizing the application being made for LIHTC under the 2020 QAP and authorizes the partnership with any other entity for the purpose of developing or owning multifamily housing related to the LIHTC application.

B. Maximum Tax Credits

LIHTC Per Project Cap: The maximum LIHTC that any single project may receive per pool is as follows:

- New Construction General Pool – No more than \$750,000 per project
- Rehabilitation General Pool – No more than \$750,000 per project
- Qualified Non-Profit/CHDO Pool – No more than \$750,000 per project

Projects must set-aside at least 5% of the project's units for households with incomes at or below 30% AMI and agree to give preference to Veterans, Disabled and Elderly persons on the PHA waiting list if they satisfy the requirements of the Project's Management and/or Operating Plan.

In accordance with the terms of the "Agreement to Resolve Department of Justice Investigation" (DOJ Agreement) entered into between the United States and the State of Louisiana, at least 40% of the units under the mandatory 5% set aside for households with incomes at or below 30% AMI will be utilized to create new units for the Permanent Supportive Housing Program to house individuals transitioning from nursing homes or at risk of nursing home placement identified as the "Target Population" in the DOJ Agreement (hereinafter referred to as DOJ units). The DOJ units will be set aside for households at or below 20% AMI; however, exceptions will be allowed in order to house members of the Target Population whose income exceeds 20% AMI but is not greater than 30% AMI.

The 40% of the mandatory 5% set-aside will only be required for projects which the LHC has determined are: (i) located in areas where sustainable supportive services are provided; (ii) subsidized within the project's development budget absent tenant based or project based rental assistance being provided; (iii) located in areas identified as having a need for PSH units; and (iv) conforming to program needs for accessible units and one- and two-bedroom units. Such Tenants shall be referred to projects from the State's Target Population priority list of households who meet the criteria set forth in the DOJ Agreement. Exceptions to the 40% minimum requirement will be allowed when there are not a sufficient number of members of the Targeted Population available for the project to meet that requirement

LIHTC Per Developer Cap: 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 2020 housing credit ceiling.

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.

Exception for Bond Financed Projects. The limitation of tax credits per project and per Developer as well as the Total Development Cost (TDC) limits shall not apply to the tax credits which are generated from a tax-exempt bond financing pursuant to Section 42(h)(4) of the code. This exception shall only be applicable 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 (50) 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.

C. Housing Credit Percentage

All non-federally subsidized new construction buildings and rehabilitation projects applying for 9% LIHTC will be underwritten and allocated at the 9% minimum housing credit rate made permanent by the Omnibus Spending and Tax Bill.

D. Basis Boost Determination

For projects eligible for 9% LIHTC, the following basis boost will be available according to one of the following conditions:

- (1) Projects may qualify for a 15% basis boost if located in [Qualified Census Tracts](#); or
- (2) Projects may qualify for a 30% basis boost if located in a [Difficult Development Area \(DDA\)](#) or if it is located in a census tract in which the area median income meets or

exceeds 80% for the area as determined by the Federal Financial Institutions Examination Council (FFIEC).

Information may be obtained by accessing the following link: <https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx> Data must be from the most current FFIEC census report as of the application due date.

For projects financed with tax-exempt bonds eligible for 4% credit, the following basis boost will be available:

- (1) Projects located in a [QCT](#) will be eligible for up to a 30% basis boost
- (2) Projects located in a [DDA](#) will be eligible for up to a 30% basis boost

Section IV - Application Process

All applications for the LIHTC program must use the established Electronic Underwriting Application process, which will be made available on LHC's website (www.lhc.la.gov). The 2020 application process will require the submission of an updated application that does not materially alter the applicant's original score or the development's scope; design or budget as originally submitted. Questions regarding the application process must be submitted via e-mail to gapcomments@lhc.la.gov. Questions related to the submission of the electronic application will be accepted through the application deadline for competitive applications.

By submitting an application, applicants agree to conduct transactions 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 under contract with the LHC.

Electronic Underwriting Applications shall be disqualified for any of the following reasons:

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 underwriting application is not submitted in Excel format, is incomplete, has been unlocked/copied/tampered with, or is received after 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 does not create a unique ID and password to access and complete electronic application(s); or
5. If a valid email address is not provided in the application.

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 for proof of submission. However, such receipt will not serve as proof that the application was complete or that it meets all other necessary requirements.

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

A. 9 Percent Competitive Application Process

Applications for this 2020 QAP funding round were submitted in previous funding cycles.

Application and Analysis fees must be computed in accordance with the Non-Refundable Fee Schedule specified within this section. Fees may be paid by cashier’s check, electronic wire transfer, or money order only.

Cashier’s checks and money orders should identify the project for which they are being submitted and, if mailed to the LHC, should be addressed as follows:

Louisiana Housing Corporation
Attn: Rental Production - Competitive Round
2415 Quail Drive
Baton Rouge, LA70808

For Information regarding Electronic Wire Transfers please contact staff @ gapcomments@lhc.la.gov

The wire date and confirmation/reference number should be e-mailed to gapcomments@lhc.la.gov.

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 e-mail to gapcomments@lhc.la.gov with “Accommodation Request” in the subject line.

QAP 2020 Program Schedule

Date	Applicant	LHC
December 11, 2019		Initial Board Discussion 2020QAP Policy/Compliance discussion
February 12, 2020		Presentation of Draft QAP to Board of Directors
March 24, 2020 Board Meeting		Adoption of Final QAP and Submission to the Governor for Signature
April 8, 2020		Approval of Final Rank, Scoring and Reservation of Tax Credits

Evaluation of Competitive Applications

1. Notice to Applicant: Information will not be provided as to the Application's processing status during the review and selection process following the Application Deadline for competitive funding rounds.
2. Joint Review: LHC reserves the right to conduct joint reviews with other funding sources including any other party, loan or grant program. LHC may contact other sources to obtain information regarding the materials contained in the Application to either verify the information or to obtain independent information regarding a Project.
3. Ownership of Applications: LHC shall become the owner of the Application.
4. 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.
5. Corporation's Request for Supplemental Data and /or Clarification: The Corporation reserves 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.
6. Threshold Requirement: The qualified allocation plan requires applications to meet the minimum threshold requirements prior to receipt of a reservation of tax credits.
7. Final Rank Order: Staff will provide each developer a reconciliation of their scores by no later than 4:00 p.m. CDT on Monday, September 23, 2019.

8. Appeals: Upon receipt of the reconciliation of the score, the developer may submit a request i for an appeal. Appeal requests must be submitted, in writing, no later than forty-eight (48) hours after receipt of the score reconciliation. Appeals will be presented to an appeal review panel designated by the Chairman of the Board of Directors and/or the Executive Director, and shall be made up of both members of the LHC Board and staff. *The panel will review matters involving staff's decisions related to the scoring of the application only.* Feasibility issues will not be considered under the appeals process. The LHC reserves the right to reject any appeal requests for projects that have not scored high enough to be reasonably positioned to receive an allocation of housing tax credits for this funding round.
9. Tie-breaking Procedures: Credits for competitive funding will be reserved for projects in descending order of score in each allocation pool until all credits available for reservation have been reserved. In the event of a tie between applications for which there are insufficient Credits to reserve to each project, the LHC will use the following tie-breaking procedure:

Projects receiving the same score using the competitive selection criteria of the state Qualified Allocation Plan will be awarded tax credits in the order of a sub-ranking score using the total points for such Projects evidenced in the following categories from the Selection Criteria:

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

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

12. 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 2020 Qualified Allocation Plan and in accordance with published federal regulations, rulings, guidelines and notices.
13. 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 2020. In accordance with Section 42(h)(3)(C)(iii) of the Code, any credits returned in calendar year 2020 from a prior year allocation will be available to projects on the basis of their statewide rank order. The 2020 waiting list shall remain active until either the next funding cycle, until the next QAP is

approved, or until such time as the LHC Board of Directors takes any other action concerning the effectiveness of the waiting list.

14. 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 Form 8609 will not be issued if the Taxpayer or a Partner/Member of the Taxpayer has been found to be non-compliant with any provision of federal, state, or local law or regulation (including the terms of the pertinent QAP).
15. Prohibited Contact: During the competitive process and funding rounds, individuals, entities, developers and their staff and/or agents and representatives are prohibited from having any contact with **LHC staff as well as LHC Board members** regarding the competitive funding round.
16. These restrictions will remain in effect until the end of the seven (7) day appeal period. **Any applicant that engages in prohibited contact with LHC staff and/or LHC Board Members will be disqualified from competing in the funding round.** Any questions concerning the QAP and/or its policies, processes must be submitted via e-mail to gapcomments@lhc.la.gov.
17. Housing Rights for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking: Effective with the 2019 QAP, the LHC will require that all projects comply with the laws and regulations related to housing rights for victims of domestic violence, dating violence, sexual assault, and stalking (Refer to the [Violence Against Women Reauthorization Act of 2013](#) for further information.) An applicant for or tenant of housing assisted under the LIHTC Program may not be denied admission to, denied assistance under, terminated from participation in, or evicted from the housing on the basis that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant or tenant otherwise qualifies for admission, assistance, participation, or occupancy. An incident of domestic violence, dating violence, sexual assault, or stalking shall not be considered a lease violation by the victim, nor shall it be considered good cause for an eviction. If a tenant who is a victim requests an early lease termination, lease bifurcation from the abuser, or transfer to another unit because she/he is in danger, a LIHTC property shall make every effort to comply with the request and shall not penalize the tenant. Each owner/manager of a LIHTC property shall have an emergency transfer policy for victims seeking safety, which incorporates reasonable confidentiality measures to ensure that the owner or manager does not disclose the location of the dwelling unit of a tenant to a person

that commits an act of violence or stalking against the tenant. An owner, manager, or landlord may request documentation from a victim before these protections are triggered. Any one of the following shall be considered adequate documentation: an affidavit signed by the victim under penalty of perjury; an affidavit or letter signed by a domestic violence service provider, attorney, or medical/mental health professional who assisted the victim; or a court or administrative record. The submission shall be confidential. Also, if a tenant or an individual affiliated with a tenant is or has been the victim of domestic violence, dating violence, sexual assault, or stalking by a member of the tenant's household or any guest, the tenant may not be denied rental assistance or occupancy rights solely based on the basis of criminal activity directly relating to that domestic violence, dating violence, sexual assault or stalking. An affiliated individual means the tenant's spouse, parent, brother, sister, or child, or a person to whom the tenant stands in the place of a parent or guardian (for example, the affiliated individual is in the tenant's care, custody, or control); or any individual, tenant, or lawful occupant living in the tenant's household.

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

Credit for buildings financed by tax-exempt bonds subject to volume cap will be determined per Section 42(h)(4) of the code. 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 tax credit application which will be scored separately from the application for tax-exempt bonds. In accordance with the approved QAP.

Applicants desiring to verify that a bond financed project satisfies QAP requirements must submit the application and all documents to the LHC electronically along with the non-refundable Market Study, 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. All fees must be received prior to the LHC initiating review of the application. 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 that any applications for bond financed projects be submitted to the Corporation at least forty-five (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 submitted for 4% credits have the appropriate development team in place, meet all threshold requirements, and meet LHC's underwriting requirements. Bond-financed projects are required to have a minimum selection criteria score of 40 (forty) points. LHC reserves the right to reject any application that fails to meet threshold requirements. LHC has the final determination concerning eligibility of a project for a LIHTC award for 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 parish throughout the State.

COLLABORATIVE HOUSING PLANS WITH LOCAL FINANCE AUTHORITIES

Local Finance Authorities provide mortgage financing for low-to-moderate income families and also have the authority to issue MRBs within the boundaries of their authority. The LHC has reviewed opportunities to support the local finance authorities and leverage those resources with the resources available from the LHC. Local Finance Authorities interested in issuing their bond authority along with the LHC's 4% tax credits will be required to enter into a Cooperative Endeavor Agreement with LHC. For information regarding this process, please see LHC's policy brief "**Developments Utilizing Non-Competitive Tax Credits With Tax Exempt Bond Financing**" at the link below.

[Policy Brief: "Developments Utilizing Non-Competitive Tax Credits With Tax Exempt Bond Financing"](#)

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. LHC may waive this provision provided the development meets the LHC's highest priorities and the development is not feasible without a financing structure that requires tax exempt bond issuance through another entity per the policy as stated above.
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 Multi-Family Housing Production 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 compliance. All fees must be paid either with a wire transfer, money order or with a certified check. If any other form of payment is received, the unacceptable form of payment will be returned and the application will be disqualified.

Please note: Submission of updated Underwriting Application, Financial Commitments, Evidentiary Materials to support the Appendixes, Financial Commitments, and Selection Criteria and Market Study Fees will be due by no later than 4:00 CDT on Tuesday, March 31, 2020. Threshold clarification, if applicable, any additional material requested as part of staffs initial review and Analysis Fees – upon request, per applicants identified for potential funding. If the appropriate fees are not submitted to the LHC, the application shall 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 will be required whenever reprocessing changes occur. The applicant must receive approval from the Corporation for any reprocessing change to a project and

the fee will be required at the time the reprocessing changes are submitted to the Corporation for approval.

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

Credit Award
5% of Credit Reserved

Return/ Reallocated
5% of Reallocated Credits

Subsidy Layering/Placed In Service Review Fees	
(Note: If HUD or RD Housing Assistance or other government assistance is provided to a Project, a Subsidy Laying Review is required in addition to the Placed In Service Review)	
Subsidy Layering Review	¼ Analysis Fee
Placed In Service Review	\$250.00

Compliance Fee: 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. Compliance monitoring fees are calculated based on the total number of project units, including market rate units.

Annual Compliance/Monitoring Fee

Project Size	Fee
Per unit	\$40.00

D. Underwriting Guidelines

Pro Forma Cash Flows

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

1. Rate of Increase Assumptions for Revenues and Expenses: Revenues may be projected to increase at a rate not in excess of two percent (2%) and expenses must be projected to increase at a rate of not less than Operating Costs Adjustment Factors (OCAF) or three percent (3%).
2. Required Debt Service Ratios: Debt service ratios may not fall below 1.15 (1.10 for Rural Housing Services (RHS) Rural Development and HUD funded properties) unless the Taxpayer/Owner executes an appropriate escrow or acceptable guarantee in an amount equal to the maximum cumulative cash flow shortfall. The maximum debt service ratio for a project is 1.4.
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 (10) year period. Tax Credit equity shall be disregarded as Taxpayer Capital. Surplus Cash evidenced in annual audits may be distributed each fiscal year so long as such distributions are limited to not exceeding fifty percent (50%) of such Surplus Cash.
4. Terms Required for Cash Flow Notes: Any cash flow note associated with the acquisition of an existing project must be accompanied by a schedule establishing the imputed principal of the cash flow note under Section 1274(b) of the Internal Revenue Code and any basis adjustment of the note and project pursuant to Section 1.1275-4(c) of the Treasury Regulations. All cash flow notes must mature on or before the end of the economic life of the project which may not exceed 55 years unless such cash flow note is a Developer Fee Cash Flow Note, in which case such Developer Fee Cash Flow Note must mature by the end of the initial Compliance Period of 15 years.

5. Vacancy Rate Assumptions: Assume a seven percent (7%) vacancy rate unless the project is located in a soft market as determined by the commissioned market analyst 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 \$400 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 reserves 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 and QAP.
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 (3) years of audits of the project's operations, the expenses exceed the minimums and if the rehabilitation to be completed will not reduce the historic expenses. LHC further retains the right to increase minimum operating and maintenance expenses based on information obtained on similarly-situated projects in the Corporation portfolio. Single Room Occupancy (SRO) projects shall evidence appropriate subsidies to sustain the proposed operating budget.
9. Minimum Reserve Balance: Minimum operating reserves should equal six (6) 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 with either deferred developer fees, unsecured debt, or soft cash flow debt.
10. Rent Subsidies: Rent subsidies committed to the project by the taxpayer in order to increase unit affordability should be referenced in the pro forma.
11. Developer Certification of Sources and Uses: Developer must provide a certification of project sources and uses relating to accuracy of costs, related party fees, and purchase price of sites at each point of LHC evaluation.

Section V - Threshold Requirements

All applications must meet threshold requirements. Applications which fail to meet threshold requirements are ineligible to be considered for credits and will be disqualified. Unless otherwise noted, 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 must 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 the existing zoning 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).

3. Infrastructure: Evidence of essential infrastructure and proximity to other services is required and proof of such must be included in the application for the following:

(i) *Utilities*: Evidence of electrical, water and sewer lines to the property site, or if such facilities are not currently available, how such facilities will be available to the site.

(ii) *Transportation*: Evidence that reasonable transportation services are currently proximate to the site, or if such transportation services are not, a narrative statement of how tenants will access commercial, educational, recreational and other services upon completion of project.

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

4. Environmental Review: All projects involving use of existing structures must submit an Environmental Restrictions Checklist completed by a professional, licensed to conduct environmental testing. Any finding that environmental hazards exist must be mitigated or abated in accordance with an Operating and Maintenance Plan that addresses how each hazardous material or condition will be addressed, including the training of on-site personnel in accordance with applicable local, state and federal laws or regulations. Costs associated with environmental hazard mitigation or abatement must be included in the project's budget.

5. Negative Neighborhood Features: New Construction Projects must not be adjacent to or within ½ mile radius of any of the following incompatible uses listed with the exceptions of Towns or Cities with a population of 15,000 or less. For projects located in dense urban areas, the mile radius is ¼ mile within any of the incompatible uses listed. Dense urban areas are defined as census tracts with population densities of >2,500 persons per square mile within incorporated areas with a population over 35, 000:

Junk yard/dump	Pig/Chicken farm
Processing plants	Distribution facilities (all)
High Voltage Substations	Airports
Solid waste disposal	Salvage Yard
Industrial	Prisons

6. Tenant Referrals from LHA/OCD, PHAs: Taxpayer shall acknowledge and agree to market to and rent to low income households referred by the LHA/OCD, and/or the local PHA if the tenants satisfy the requirements of the Project's Management and/or Operating Plan.

7. 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) television 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.

8. Washers and Dryers: All new construction projects must include washers and dryers.

9. Energy Efficiency: Projects are required to meet these minimum requirements:

- HVAC
 - Energy Star qualified furnace (80% AFUE) or heat pump (HSPF 8.2)
 - Energy Star qualified air-conditioner (SEER 14.5)
 - Size calculations for all HVAC equipment must be based on Manual J/S
- Windows
 - U-value of 0.4 or less
 - SHGC of 0.30 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 0.80 or higher) or Electric (Energy Factor of 0.92 or higher)
- Insulation
 - Ceiling- R38
 - 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 2015 Revised International Energy Conservation Code.

All federally and Non-federally funded 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, 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.

10. Design Features: All projects must meet the following design features:

- i. 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. The use of other durable materials is subject to review by the Corporation's Construction Department or a designated architect. Vinyl siding is not an acceptable material
- ii. All projects must have at least a 25 year roof warranty
- iii. All projects must have at least double paned, insulated windows.

Universal Design- **New Construction Only**

- (iv) Must meet minimum standards for Green Building Certification via one of the following criteria: Leed Criteria, Green Communities Criteria, National Green Building Standard ICC 700 Criteria, or EarthCraft Criteria.- **New Construction Only**

11. Flood Requirements: New construction projects and rehabilitation projects that qualify as substantial rehabilitations located 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.

12. Rehabilitation Projects: Rehabilitation projects must submit a capital needs assessment which specifically addresses the current Federal Emergency Management Agency (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.

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

14. Minimum Score: All projects must meet a minimum selection criteria score of forty (40) points.

B. Special Requirements for Acquisition/ Rehab Projects Threshold Requirements

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 with the application submission.

Alternate documentation including tax returns and compiled financials are acceptable provided the documentation clearly evidences the current financial condition of the project.

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 tenyear title history of all included property, (ii) a summary of the parties owning and purchasing such property within such ten year period and (iii) the price paid by each owner or purchaser of the property within such ten year period must be included with the application submission.

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.
- d. Be a developer that has “Placed In Service” a project of comparable size and financing complexity and that has received IRS form 8609s from any state within the past five (5) years.
- e. *New Developer.* A Developer that has never been allocated tax credits is only eligible to receive an award of tax credits for one (1) project submitted under the 2020 QAP. A new developer shall complete at least one (1) LIHTC Project in which all LIHTC units have been leased and has received an IRS Form 8609, in Louisiana or any other state, before being allowed to submit a subsequent application.

LHC reserves the right to request a personal credit report of the Developer.

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.

LHC reserves the right to not fund any application submitted by a managing general partner or sponsor for lack of capacity, default or non-performance on any previously funded LIHTC funded development.

2. Property Management Experience

The property management company must have at least:

- a. One (1) similar (size and type) tax credit project in their current or past portfolio;
- b. Have at least three (3) years of experience successfully managing a LIHTC Property; and
- c. One (1) staff person serving in a supervisory capacity with regard to the Project who has been certified as a tax credit compliance specialist.
- d. One (1) staff person with record of Fair Housing training. Fair Housing continuing education required at least once every 3 years.

LHC reserves the right to request the audited financials of the management company.

Such certification must be from an organization approved by the LHC. None of the persons or entities serving as the property management company may have in their portfolio a project with material or uncorrected issues of non-compliance beyond the applicable cure period. LHC approval is required

to change a management company within two (2) years of project completion. Any such request must evidence that the change in management company is necessary for the viability of the project.

The development must be managed by an on-site manager that has received LIHTC Compliance Certification dated no more than twelve (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 member of the project team who is not in good standing with the LHC or Corporation, as defined herein. Anyone 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. Within the past ten (10) years, has been debarred or received a limited denial of participation by any federal or state organization from participating in any development program and/or has outstanding flags in HUD’s national 2530 National Participation system;
- b. Within the past ten (10) years, has been in a bankruptcy;
- c. Within the past ten (10) years, has had an adverse fair housing settlement, an adverse civil rights settlement, or an adverse federal or state government proceeding and settlement;
- d. Within the past ten (10) years, has been involved 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;
- e. Within the past five (5) years, has been found to be directly or indirectly responsible for any other project in which there is or was an uncorrected issue of non-compliance that remained uncorrected for more than three (3) months from the date of notification by the LHC or any other state allocating agency unless the LHC determines, in its discretion, that the uncorrected non-compliance was not the fault of the person in question;
- f. Has been or is currently involved in any project awarded tax credits in 2015 or earlier for which the final cost certification requirements were not met by the application date;
- g. Has been or is currently involved in any project awarded tax credits after 2010 where there has been a change in general partners or managing members during the last five (5) years that the LHC did not approve in writing beforehand;
- h. Is delinquent or in default on any LHC obligation, including but not limited to, HOME repayment, as of the application date;

- i. Has an outstanding audit report requirement or unresolved audit deficiencies as of the application date;
- j. Has unresolved outstanding 8823's or other outstanding compliance violations as of application date; or
- k. Is currently out of compliance with project schedules on existing projects funded by the LHC by greater than ninety (90) days as of application date.

Notwithstanding the foregoing, any managing general partner 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.

D. Other Threshold Program Requirements

- ❖ **Local Community Notification:** N/A – This threshold was met for 9% competitive applicants with original prior submission.

NOTE:(for projects utilizing Tax-Exempt Bond Financing, proof of publication must evidence the ads ran within 60 days prior to application submission)

A list of acceptable local newspapers and official journals of local governing authorities is posted on the Corporation's website. If any applicant proposes to submit an application in an area not listed or covered, a written request for additional information must be submitted by no later than June 27, 2019 at 4:00 p.m. CDT to gapcomments@lhc.la.gov.

This notice must include:

- The name of the project owner;
- The project name;
- The project address or location;
- The maximum number of units;
- The 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.

- ❖ **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.

Minimum Square Footage and Full Bathrooms Per Unit Type:

Unit Type	Bathrooms	Minimum Square Feet
Efficiency	1	500
1 Bedroom	1	700
2 Bedroom	1	900
3 Bedroom	2	1200
4 Bedroom	3	1500

Waiver of Minimum Square Footage and Full Bathroom Requirements. The minimum square footage and full bathroom requirements may be waived for an existing project which is being rehabilitated only if a federal program finances the unit and the federal agency administering the program which finances the unit requests a waiver of such limits.

Reduction of Minimum Square Footage Per Unit. The minimum square feet per unit may be reduced by ten (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.

- ❖ **Maximum Unit Development Cost.** The maximum unit development cost is based on the building design type (elevator, walk up, row house, detached/semi-detached), number of bedrooms, and geographic location of the proposed property. Projects must use the applicable cost limits for properties located in the MSAs listed in the HUD 2018 Unit Total Development Cost Limits document (see HUD PIH Office of Capital Improvements website:
https://www.hud.gov/sites/dfiles/PIH/documents/2018TDC_Limits.pdf

Information for MSA parish inclusions can be accessed via the Corporation's website by following:
<https://www.lhc.la.gov/resources-for-housing-development> "2018 Louisiana MSA Parish Inclusions for Cost Analysis".

***LHC staff may approve increases in per unit costs up to 15% above the per unit maximum, subject to evaluation of the circumstances and specific costs related to the request such increase, including, but not limited to:**

1. The nature of the cost increase and the necessity of such increase to the production of affordable housing
2. Whether the increased costs are required because of a local municipality requirement and/or commitment of local funding to offset costs

When submitting a request for an increase, the request must acknowledge that the developer is aware that project will be deemed unfeasible and ineligible for funding if the increase is not

approved by the LHC. The increased costs will not be factored in to the calculation of the developer fee base.

- **Extraordinary Site Costs.** Extraordinary site costs may be incurred in the revitalization and demolition of existing properties, as well as in the development of new and rehabilitated units. Examples of such costs include, but are not limited to: abatement of extraordinary environmental site hazards; removal or replacement of extensive underground utility systems; extensive rock and/or soil removal and replacement; removal of hazardous underground tanks; work to address unusual site conditions such as slopes, terraces, water catchments, lakes, etc.; and work to address flood plain and other environmental remediation issues. Costs to abate asbestos and lead-based paint should be included in normal demolition costs where such items are found within the structures themselves. An example of extraordinary lead-based paint would be where the lead has leached into the soil and extraordinary measures are needed to remove the lead. Such extraordinary costs will be reviewed by LHC staff as recommended by the project's Architect/Engineer. Cost standards will be based on industry standard cost indexes.
- **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 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.
- **SRO Projects.** Single Room Occupancy (SRO) Projects will not be subject to project cost 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.
- **Projects Reallocated Credits Based on Housing Discrimination.** Notwithstanding any other previous 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.
- ❖ **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 Appendixes B.1 & B.2.

Requirements for New Construction Scattered Site Projects are also contained in Appendix B.1 along with Universal Design Criteria and defensible space.

- ❖ **Project Amenities.** All rehab properties, with the exception of SRO projects, must include HVAC systems, refrigerators, stoves and on-site laundry (1 washer and 1 dryer per every 10 units). 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 onsite laundry shall not apply to rehabilitation projects with twelve (12) or fewer units.

For all new construction properties, with the exception of SRO project, must include HVAC Systems, refrigerators, stoves and washer and dryers installed and maintained in every unit at no additional cost to the tenants.

- ❖ **Profit, Fee, and Other Limits.**

Developer Fees - Shall not exceed fifteen percent (15%) of the Developer Fee Base plus either five percent (5%) of the Acquisition Cost Base or (ii) 8% of the Acquisition Cost Base in the case of the following project types: 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. 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.

Increases to the developer fee as submitted in an application will not be permitted under any circumstances. Changes in a project's application post award that may require Reprocessing as defined in this QAP will not be allowed to increase the amount of the developer fee as originally evidenced in the initial application.

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.

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 costs.

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

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 hazardous material, a hazard mitigation plan **MUST** be submitted with the application and the costs of mitigation included in the project's budget. The person conducting the CNA must have a strong background in evaluating accessibility under the Fair Housing Act, Section 504 of the Rehabilitation Act, and the Americans with Disabilities Act. The reviewer must understand which law or laws apply, identify the appropriate technical accessibility standard for each law, and then apply that standard to the design plans and ultimately the construction being performed. The capital needs assessment must also include replacement of items that do not meet LHC's minimum design criteria for rehabilitation (Appendix B.2). See glossary definition of Capital Needs Assessment in Appendix A.

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 in writing that it has no objections to the reservation of tax credits to the Project.

H. Financing Commitments

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

I. Legal Description of Project Property Site

- a. **Projects in Urban and Rural Areas** – Applications for projects located in urban and rural areas must include the legal description and cost of the portion of the site on which the Project is located. 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 the street addresses for each separate site in lieu of providing a legal description.
- c. **Consistency of Project Description** -The legal description and/or street addresses of the Project Site included with the Application must be consistent with all subsequent documents submitted to the Corporation. If a material inconsistency in the legal description of the Project Site between the Application Deadline and any reservation or allocation of credits is identified and such inconsistency constitutes a Site Change, the tax credits reserved and/or allocated to the Project will be subject to rescission and/or recapture.
- d. **Additional Sites** - No additional sites may be included in a Scattered Site Project following the Application Deadline unless the Project is located in a Redevelopment Area and the local governmental unit requests the addition of new sites within the Redevelopment Area; however, no additional sites may be included in a Project without LHC approval. 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.

J. Market Study and Appraisals

LHC Evaluation

Market Studies will be ordered by LHC from approved disinterested market analysts. 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 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 2020 QAP. The Corporation will make every effort to minimize the cost 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 staff. 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. Applicants may request a second market study if they have cause to disagree with the market analyst's findings. The request for a second market study must be in writing. 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 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. Any additional market studies necessary to reconcile data will be commissioned at the developer's expense. Prior to ordering the additional market study, the Corporation will notify the developer of such intent and of the cost involved.

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

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

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

Project Evaluation and Market Study Information

Market studies must establish the housing needs of low-income individuals in the area to be served by a project and evidence the housing needs of targeted households, large families, tenants with children, special needs households (if applicable to the project) 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),
- iv. The project's effect on existing or awarded properties with 9% tax credits or other LHC funding, and
- 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 site map identifying area of the Project. Color photographs of the site and neighborhood, a map clearly identifying the location of the project and the closest transportation linkages, shopping, schools, medical services, public transportation, places of worship and other services such as libraries, community centers, banks, etc.
5. **Demographic Analysis:** Analysis of the Income Qualified Renter Demand in the market area.
6. **Market Area:** Geographic definition and analysis of the primary and secondary market area which Project serves including a discussion of the Local/community perspective of rental housing market and housing alternatives. The market study

must include a narrative that explicitly describes what relevant factors led to the market area designations.

7. **Operations and Development Comparisons:** A description of comparable developments in the market area served by Project, including the following information or analysis, labeled accordingly:
 - a. Subsidy whether or not each comparable development is subsidized.
 - b. Rent Levels and Vacancy: a description of rent levels and vacancy rates of comparable properties, including subsidized and non-subsidized developments in market area served by Project.
 - c. Operating Comparisons: analysis of operating expenses using data from comparable properties in the market area served by Project, if available, or, if not available, using IREM or ULI data.
 - d. Project Operating Statement: projected operating funds and expenses of the subject Project.
 - e. Public Housing: a summary of (i) the number and quality of units in developments owned or developed under HUD's Rental Assistance Demand (RAD) initiative by the local public housing authority and a statement concerning vacancy rates and waiting lists and (ii) the number of vouchers administered by the local public housing authority and the estimate of the households on the waiting list for vouchers.
 - f. Absorption Analysis: expected market absorption of the proposed rental housing units in the subject Project each month following certificate of occupancy.
 - g. Market Impact Statement: A description of the impact of the proposed housing units in the market area, including the impact of the proposed housing units on tax credit and other existing affordable rental housing in market areas.
8. **Federal Housing Agency Coordination:** The Independent Qualified Housing Consultant must identify all multifamily housing developments in the primary market area of the proposed project, which are financed by HUD, RD and the LHC or the Corporation. The consultant must provide a table evidencing the following information for each such project:
 - 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 twenty-four (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.
- **Location Characteristics:** Each Market Study must include a separate section that evidences whether the Project satisfies the positive points listed in the Selection Criteria **AND** the proximity of the project site to any of the negative neighborhood features listed in the Project Threshold. Notwithstanding any language contained herein to the contrary, the decision of the market analyst on location characteristics (neighborhood features) will be final. **Note:** The prohibition regarding New Construction within a half (1/2) mile of negative neighborhood services shall not apply to cities or towns with a population of 15,000 or less. For projects located in dense urban areas, the mile radius is ¼ mile within any negative feature. Dense urban areas are defined as census tracts with population densities of >2,500 persons per square mile within incorporated areas with a population over 35, 000. A list of these Eligible Census Tracts can be found [here](#).
12. **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.
13. **Sources for Data:** Market analysts must clearly define all sources for data.

Section VI - Post Award Processes & Requirements

A. Post Reservation

Carryover/Carry-Forward Allocation of Tax Credits

Projects may qualify for a carryover/carry-forward allocation of tax credits under the Ten Percent (10%) Basis Exception within twelve (12) months of the date of the allocation. Projects allocated credits from the 2020 credit ceiling will be required to submit carry forward allocation documentation on or before October 15, 2020. Projects that have not met the ten percent (10%) expenditure test as of October 15, 2020 will receive a "Carryover Allocation Agreement" in lieu of the "Carryover Allocation Certification. Such projects shall have until April 20, 2021 to provide the necessary documentation evidencing that the ten (10%) basis expenditure test has been met.

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.

Tenant Selection Plans

Awarded projects are required to submit Tenant Selection Plans within ninety (90) days following notification of the award of LIHTC to the project.

B. Placed in Service Process and Procedure

Placed 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 (1) year extension for submission of the certificates and audits from the Corporation and only if the Taxpayer has elected to begin the first year of the credit period following the year in which the Project is placed in service. Payment of developer fees to CHDO or non-profit partners partnering with a for-profit as a co-developer must be shown as fully paid in the placed in service audit. CHDOs and non-profit partners must receive not less than twenty percent (20%) of the Developer Fee for transactions receiving tax credits.

Fees to CHDO or Non-profit General Partner

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

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 and be certified as a LIHTC Specialist 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 has also 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 and 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: LIHTCAudits@lhc.la.gov

Construction Monitoring Criteria

Construction Documents

Not more than forty-five (45) days prior to the commencement of construction, the developer must submit to the Corporation the following:

1. Complete plans and specifications in pdf format via disc or zip drive and a ½ set of hard copy drawings for monitoring and review purposes.
2. Construction contract, complete with timeline and schedule of values.
3. Certification by Architect/Engineer/Design Professional of the plans and specifications.

The Corporation shall review the plans and specifications for compliance with the minimum threshold requirements and applicable minimum building codes (authority having jurisdiction enforces true code compliance). The Corporation will also complete an analysis for all site, architectural, engineering drawings and complete specifications for all federal state and local accessibility laws and standards. Within thirty (30) days of receipt, the Corporation will notify the developer if there are any concerns or need for clarity as regards to the construction documents satisfying the applicable requirements. Notwithstanding the Corporation review, the applicant remains responsible and accountable for compliance with applicable IRS and LHC rules and regulations.

Building Permits

Copies of all building permits shall be submitted to the Corporation when available. Should building permits not be available at the start of construction, the applicant may submit a “will issue” letter from the Authority Having Jurisdiction (AHJ), stating that building permits will be issued once certain requirements are met.

Construction Monitoring and Compliance

The Corporation will conduct periodic on-site inspections (typically 30, 60, 90 & 100% complete) during the course of construction to verify conformance with the plans and specifications and selection criteria along with threshold requirements. The Corporation will also include on-site accessibility inspections in this review process. Our initial site inspection

includes review of applicable accessibility laws and training specific to require such will be given to appropriate development team members which include the Architect, Contractor, Site Superintendent and appropriate trades that may affect accessibility.

The Developer shall submit the following to the Corporation:

1. Notice to proceed.
2. Monthly application for payment certified by the Design Professional and/or project manager and the Developer. The Corporation recommends the use of AIA Document G702 and G703. The submission of monthly applications for payment is intended for monitoring progress and does not require Corporation approval to release payment.
3. A copy of all change orders to monitor changes to the plans and specifications and the schedule of values. All change orders shall be submitted with monthly applications for payment. The Corporation recommends the use of AIA document G701. The Corporation shall not have the authority to approve changed orders, but will review change orders to ensure compliance with minimum requirements. The Corporation shall immediately notify the Developer if it determines that the change orders submitted conflicts with said requirements
4. The Corporation shall notify the Developer of any scheduled inspections and the applicant must have a representative present during such inspections. During each scheduled inspection, the Corporation shall verify compliance with the plans and specifications and requirements. The Corporation will notify the Developer immediately upon discovery of allege non-compliance and request that the Developer take appropriate corrective action.

Construction Completion

At construction completion, the applicant shall submit the following:

1. Certificate of Substantial Completion (the Corporation recommends AIA Document G704).
2. Certificate of Occupancy(s) if applicable.
3. Prior to issuance of IRS form(s) 8609, the Corporation will perform its final inspection to verify compliance with the plans and specifications and other QAP requirements. Funded projects should adhere to LHC Universal Design Standards to the maximum extent possible.

Using Regional Material, Labor, and Services

The LHC strongly encourages the development community to maximize its use of regional materials, labor, and services in the construction and development of housing constructed pursuant to an allocation of low-income housing tax credits. The LHC will request that projects that receive an allocation of credits submit plans to the LHC that detail these maximization efforts, and will use this data to analyze the feasibility and the benefit that doing so brings to the communities in which the developments will be located.

Compliance Monitoring Procedures (entire section replaced)

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 inspection provision of IRS Section 1.42-5(d).
4. The Agency must conduct on-site inspections of all buildings in the low-income housing project and must review low-income certifications of the low-income housing project—
 - a. By the end of the second calendar year following the year the last building in the low-income housing project is placed in service; and
 - b. At least once every 3 years thereafter.
5. The Agency must conduct on-site inspections and low-income certification review of not fewer than the minimum number of low-income units for the corresponding number of low-income units in the low-income housing project set forth in the table to paragraph (c)(2)(iii).

Table to Paragraph (c)(2)(iii)

Number of low-income units in the low-income housing project	Number of low-income units selected for inspection or for low-income certification review (minimum unit sample size)
1.....	1
2.....	2
3.....	3
4.....	4
5-6.....	5
7.....	6
8-9.....	7
10-11.....	8
12-13.....	9
14-16.....	10
17-18.....	11
19-21.....	12
22-25.....	13
26-29.....	14
30-34.....	15
35-40.....	16
41-47.....	17
48-56.....	18
57-67.....	19
68-81.....	20
82-101.....	21

102-130.....	22
131-175.....	23
176-257.....	24
258-449.....	25
450-1461.....	26
1462-9999.....	27

6. 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.
7. 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 the extended use period.

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

C. Application Revisions

Notification of Material Change

It is the **applicant's responsibility** to notify the Corporation, in writing, 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 determines to have a material change shall be deemed feasible or viable. **Louisiana Housing Corporation Board of Directors must approve all requests for material changes in a project.** A material change will be governed by Reasonable Man Standard. A material change may result in cancellation of either the tax credit reservation or the carry-forward allocation of tax credits.

Notification of Reprocessing Change

It is the **applicant's responsibility** to notify the Corporation, in writing, of any occurrence of a reprocessing change in a Project. A reprocessing change may occur prior to delivery of Form 8609 to a Project; however, Form 8609 will be withheld until the Taxpayer submits a revised application and reprocessing fee. Following receipt of the revised application and

reprocessing fee, the Corporation will complete a new legal, feasibility and viability review in order to determine any adjustment of maximum qualified basis and/or the tax credits to be allocated to the Project. Projects subject to reprocessing are at risk of credit loss if such Project fails to satisfy the minimum score or if other projects on the waiting list which are not reserved credits have higher scores.

Note: Increases to the developer fee as submitted in an application will not be permitted under any circumstances. Changes in a project's application post award that may require Reprocessing as defined in this QAP will not be allowed to increase the amount of the developer fee as originally evidenced in the initial application.

Site Change

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

Deviations from Selection Criteria in Submitted Application

When an Developer requests a deviation from the selection criteria in the submitted application and the deviation is not a material change as defined by the Glossary or a change that a Reasonable Man would determine to materially change the project, 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 next tax credit funding round equal to the point value of the representation that cannot be satisfied.

When a Developer requests a deviation from the selection criteria in the filed application and the deviation is a Material Change as defined by the Glossary or by the Reasonable Man's Standard (e.g., project was funded when another project would have been funded but for the original selection made by the Developer and awarding of points based on that selection), the following penalties shall apply:

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 next tax credit funding round equal to three (3) 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 (1) year suspension participation in the LHC's LIHTC funding round(s).

The approval of any Material Change requested due to reliance on a representation made by a governmental entity and the penalties, if any, to be assessed, will be at the discretion of the LHC Board of Directors. Such reliance will not permit a site change. Any site change may 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 electronically to the Corporation, through a Corporation-approved medium, any changes in contact information, as well as, but not limited to information on the number of vacancies and unit mix.

Section VII- Selection Criteria

Applications shall be evaluated using the preference and selection criteria required in IRC Section 42, and as specifically cited in Section 42(m)(1)(B) and Section 42(m)(1)(C). Aggregate rankings or scoring will in no way guarantee an award of tax credits to a particular project. During the application review process and throughout the allocation process, LHC will utilize its sound and reasonable judgment and will exercise its discretion consistent with sensible and fair business

practices. LHC reserves the right not to reserve tax credits to any Applicant for a Project, regardless of the Project's score. Certain selection criteria are subject to compliance monitoring and will be incorporated into the TCRA and will be binding for the length of the TCRA or any renewal thereof. In the event that the final scores of more than one Application are identical, LHC will implement the Tie-breaking Procedures outlined in the Competitive Evaluation section of the 2020 QAP.

LHC reserves the right to limit the Tax Credit Reservation to any parish in an amount that would allocate no more than forty percent (40%) of the total units allocated in the 2020 allocation year.