

# 2009 Multi-Family Proposed Changes

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## *2009 Guidelines for Reserving Volume Cap*

### Bond Administrative Fee

Eliminate the annual bond administrative fee in the amount of one eighth of one percent (0.125%) on the outstanding principal balance of the bonds.

## *2009 Qualified Allocation Plan*

### Housing Credit Allocation Standards

#### Amount.

Increase the maximum amount of credits per development to \$450,000.

However, if:

- i) located in a Designated Low-Income County as defined in 2005-2009 State Consolidated Plan; or
- ii) structure(s) are individually listed in the National Register of Historic Places or have been determined to contribute to a Registered Historic District; or
- iii) is a qualified Assisted Living development; or
- iv) a development with a commitment letter from USDA Rural Development.

the maximum amount of credits per development increased to \$475,000.

## Affordable Neighborhood Housing Tax Credits

Eliminate the limitation of \$250,000 available per development.

## Application Process

Response Period. Change the "Cure Period" to "Response Period" with the following narrative to clarify ADFA's purpose for the Response Period:

Response Period. The Response Period will be from April 20, 2009 to 4:30 p.m. on April 24, 2009. During the Response Period, the Applicant will have an opportunity to submit: 1) additional documentation to meet the Additional Requirements for a Complete Application pursuant to Section VI.C. in this QAP; 2) written comment on what the applicant considers a discrepancy in the Initial Score awarded by ADFA from the scoring provisions of this Qualified Allocation Plan based upon the application and the information and documentation submitted by the Application Deadline; and 3) information or documentation requested by ADFA staff. Applicants will not be allowed to submit additional information or documentation in an effort to increase the Initial Score awarded by ADFA staff.

## **Threshold Requirements**

### **Realign Threshold and Additional Program Requirements.**

Realign the existing "Threshold Requirements" and "Additional Program Requirements" such that "Threshold Requirements" are those that are necessary for underwriting the application. If anything is missing then the application will not be scored and will be rejected. The "Additional Program Requirements" will become "Additional Requirements for a Complete Application" in that they can be met during the "Response Period" because they are not required for underwriting but are necessary for completion of the application. An example is the Criminal Background Disclosure Form. We are required to have this form completed but it is not needed to underwrite the application. For those "Additional Requirements for a Complete Application" that are missing at the Application Deadline but are met during the Response period one (1) point will be deducted from the final score. If the applicant fails to submit the missing "Additional Requirements for a Complete Application" the application will be rejected as incomplete.

### **The 20 Threshold Items are:**

- 1. Completed 2009 Multi-Family Housing Application**
- 2. Application Fee**
- 3. Financial Commitment Letters**
- 4. Utility Allowance Calculation**
- 5. Site Control Information**
- 6. Zoning and Planning Commission Information**
- 7. Independent Market Study**
- 8. Letter from highest elected local official supporting development**
- 9. Articles of Incorporation, IRS Documentation, and Non-Profit Determination Statement**

## **Threshold Requirements (cont.)**

10. Plans and Specifications
11. Capital Needs Assessment
12. Tenant Income Audit
13. Operating Reserve and Replacement Reserve Fund
14. Pro Forma
15. Appraisal
16. Developer Fee Standard
17. Builder's Profit
18. Per Unit Cost Cap
19. Minimum Debt Coverage Ratio
20. Rehabilitation Standard

### **Capital Needs Assessment.**

Change the scope of the Capital Needs Assessment to the rehabilitation of the development to a new or "like new" condition. All capital needs assessments will be conducted by a firm on ADFA's "Capital Needs Assessment Firms Approved List."

### **Operating Reserve.**

The one-time funded operating reserve fund must remain in place until such time as the development is 95% occupied.

## **Threshold Requirements (cont.)**

### **Pro Forma.**

Each applicant must use the Pro Forma provided in the Multi-Family Housing Application

### **Per Unit Cost Cap.**

Increase the per unit cost cap for “historical developments” to \$158,400.

## **Additional Requirements for a Complete Application**

For those "Additional Requirements for a Complete Application" that are missing at the Application Deadline but are met during the Response period one (1) point will be deducted from the final score. If the applicant fails to submit the missing "Additional Requirements for a Complete Application" the application will be rejected as incomplete.

**The 11 Additional Requirements for a Complete Application are:**

1. Narrative Description of the Development
2. Letter to Public Housing Authority for use by Persons on Waiting List
3. Letter of Participation and Resume of Development Team Members
4. Statement of Previous Performance
5. Criminal Background and Disclosure
6. Environmental Checklist

## **Additional Requirements for a Complete Application (cont.)**

**7. Section 106 and Fish and Wildlife Services Clearance Letter**

**8. Assisted Living Developments**

**9. Historical Developments**

**10. Building and Unit Configuration**

**11. Conflict of Interest Acknowledgment and Contract and Grant Disclosure and Certification Form.**

### **Phase I Environmental Site Assessment.**

**The Phase I Environmental Site Assessment must be dated/updated within six (6) months of the Carryover Allocation deadline of December 7, 2009 or placement in service allocation even if submitted with application.**

### **Historical Developments.**

**Historical development applicants must submit proof that the structure(s) to be rehabilitated are listed in the National Register of Historic Places.**

### **Building and Unit Configuration.**

**Applicants must complete Attachment E, a form for designating the number of buildings and unit configuration.**

## **Selection Criteria**

### **Location/RD/HUD**

Rental Assistance points are awarded based upon the percentage of units receiving rental assistance

### **Development of housing for special needs.**

Change the language from "housing targeting a tenant population of single parent/single guardian" to "housing that specifically markets to a tenant population of single parent/single guardian."

### **Market Rate Units.**

Change the requirement from a minimum of 20% of the total housing units in the development to a minimum of 20% of the total housing units in each residential building are market rate units. This will eliminate the grouping of market rate units into selected buildings and enhances the availability of the "next available unit rule." For single family, detached buildings, the development's plans must show that those single family, detached buildings designated as market rate units are integrated throughout the development.

## Selection Criteria (cont.)

### Support Services.

Remove the requirement that the support service provider must be “locally based.”

### Market Need.

Remove requirement that analyst must certify the comparable affordable housing in the market area must have at least an 85% occupancy. Vacancies in the market area are considered when determining need in the market area.

- ❖ **Bonus.** An additional 5 points will be awarded to any development wherein the market study demonstrates that for the period beginning January 1, 2009 and ending December 31, 2012, the primary market area experienced an increase of at least 5% in the number of low-income households appropriate for the development's configuration.

## Legislated Priorities

### Developments Located in Qualified Census Tracts.

Modify this category to include the rehabilitation of existing housing which contributes to a concerted community revitalization plan per 26 USC § 42(m)(1)(C)(iii).

## **Additional Program Information**

### **Pre-construction conference requirement.**

Modify pre-construction conference required to be held before Carryover Allocation deadline to prior to construction.

## **Minimum Design Standards**

1. Remove introductory language which states that will not be implemented until 2009.
2. Each unit that is required to meet the Level 5, "All-Inclusive" usability criteria set forth in the AUSH must have at least one bathroom with an "accessible roll-in" shower facility with minimum dimensions of 60" x 34" or 42" x 42" if a corner shower facility.
3. All environmental controls must provide visual and tactile cues. For lighting, a "rocker" type switch is sufficient. For thermostats, a programmable and digital with raised buttons is required.
4. All exterior doors must have a minimum clear opening of 34". All interior doors intended for passage must provide for a minimum clear opening of 32".

## **2008 Carryover Allocation**

Amend 2008 QAP to allow for proof of the owner's 10% basis in the building, required for carryover, to be submitted to ADFA no later than April 1, 2009. Carryover agreements must be executed and submitted by the owners no later than December 8, 2008. ADFA will issue carryover based upon the submitted agreements.

**ATTACHMENT E**

**PROPOSED BUILDING ADDRESSES; UNIT & INCOME DESIGNATIONS; and APPLICABLE FRACTIONS**

List the proposed address for each building in the development	# LIHTC Units	Total # of Units	40/50 Rule Per § 42(i)(2)(E)*	# of Units Based Upon % Income Restriction				Applicable Fraction
				30%	40%	50%	60%	
								%
								%
								%
								%
								%
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\* Check this column on all buildings if: (1) the development has a HOME loan; (2) the HOME loan has an interest rate below the Applicable Federal Rate; and (3) is not considered "federally subsidized" because the "40/50 Rule" under 26 U.S.C. § 42(i)(2)(E) applies to the development.