

State of Nevada
Department of Business & Industry
Housing Division



~~Low Income~~Low-Income Housing Tax
Credit Program

Qualified Allocation Plan

~~2018~~2019

Adopted on ~~February 28XXXXX~~, 20182018



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GENERAL INFORMATION

Background

The Nevada Housing Division (NHD) administers the Low-Income Housing Tax Credit (LIHTC) program and is required as the state's housing credit agency, to adopt a Plan describing the process for the allocation of housing credits. Section 42 of the Internal Revenue Code (IRC or the Code) is the federal statute establishing the tax credit program. In accordance with Section 42, each state allocating agency must have a Qualified Allocation Plan (QAP or Plan) which:

- Sets forth selection criteria to be used to determine housing priorities
- Gives preference among selected projects to:
 - Projects serving the lowest income tenants,
 - Projects obligated to serve qualified tenants for the longest periods,
 - Projects which are located in qualified census tracts (as defined in Section 17) and the development of which contributes to a concerted community revitalization plan.
- Projects addressing Housing Priorities 1, 2 & 8 in the 2015-2019 HUD Consolidated Plan
 - Priority 1: Increase the availability of rental housing for low- to moderate- income households.
 - Priority 2: Increase, preserve and improve the long-term life of existing affordable rental and owner-occupied housing stock, as well as improving housing accessibility and safety.
 - Priority 8: Increase and preserve the supply of affordable housing available to the elderly and disabled.
- Projects addressing needs identified and supported by the Annual Affordable Housing Survey "Taking Stock"
- Includes the following selection criteria:
 - Project location
 - Housing needs characteristics
 - Project characteristics
 - Applicant characteristics
 - Tenant populations with special housing needs
 - Public housing waiting lists
 - Tenant populations of individuals with children
 - Projects intended for eventual tenant ownership
 - The energy efficiency of projects
 - Projects of a historic nature

In 1975, the Nevada Legislature determined that there was a shortage of safe, decent, and sanitary housing throughout the State for persons and families of low and moderate income. To address this statewide deficiency, and to ensure that there would be sufficient safe, decent and sanitary housing for persons and families of low and moderate income, the Legislature enacted Chapter 319 of Nevada Revised Statutes (NRS) Chapter 319, "Assistance to Finance Housing," establishing and granting powers to the Nevada Housing Division (the "Division"). Thereafter, the Division's implementing regulations were enacted as Chapter 319, "Assistance to Finance Housing," of the Nevada Administrative Code ("NAC").

There are 2 methods of obtaining a Tax Credit allocation from the Nevada Housing Division: 1) through the competitive application process; and 2) tax-exempt bond financing.

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SECTION 1 ANNUAL PLAN GENERAL INFORMATION

Nevada's ~~2018~~2019 QAP is adopted pursuant to § 42 of the Internal Revenue Code (IRC or Code), §1.42 of the Department of Treasury Regulations, the Nevada Administrative Code, specifically NAC 319.951 through 319.998, inclusive, and any other federal and state regulations regarding the §42 IRC LIHTC program.

All reservations of ~~2018~~2019 tax credits made during the plan year are subject to the QAP and NAC 319.951 through 319.998 inclusive. The Division will update its web page with information regarding the ~~2018~~2019 QAP. The website address is: <http://housing.nv.gov/>.

1.1 Objectives of the qualified allocation plan

1. Increase the amount of safe and livable affordable rental housing in Nevada
2. Preserve existing affordable rental housing
3. Contribute to a vibrant and sustainable economy by supporting and facilitating the construction of affordable workforce housing near employment centers
4. Increase the availability of housing with supportive services, including for veterans
5. Support the housing goals and objectives stated in the State of Nevada Consolidated Plan

1.2 Completeness and Consistency of Tax Credit Applications

Applications must be completed on a form prescribed by the Division. If an Applicant submits an application for the same project through another program (e.g. HOME ~~Investment Partnerships Program (HOME) Funds~~, ~~Low-Income Housing Trust Fund (LIHTF)~~, ~~National Housing Trust Fund (NHTF)~~~~HTF~~), the application submitted for that program must match the application submitted pursuant to this QAP on material points, such as quantity of units, total square footage, target population, financial data, etc.

Applicants must check all category and geographic boxes for which they elect to compete.

The Division will not accept an application, document or fee if the application, document or fee is received by the Division after the deadline date specified in the QAP for the receipt thereof. If a fee for an application is paid by check on or before the date the fee is required to be paid and the check is dishonored, the Division may reject the application for which the fee was submitted.

For the purposes of NAC 319.974(2)(a), the Division will consider an application incomplete if the application does not comply with the requirements for an award of tax credits set forth in the QAP due to missing information including, without limitation, any budget, back-up, or other application information required. Prior to an application rejection the Division will provide notice of the information required and an applicant will be given 5 business days from the date of the notice to turn in any documents/information identified as missing.

An incomplete application regarding preference points without appropriate back-up documentation for preference point rating factors will be accepted; however, the project will not receive the preference points for those items where information is missing, incomplete or unclear.

In such cases where the application is rejected (See Section 22), the Division will deem the application void and the Applicant/Co-Applicants will forfeit all application and other fees paid to the Division. Applicants/Co-Applicants are responsible for ensuring that all required items and back-up documentation are included with the application. Therefore, Applicants/Co-Applicants should read the QAP carefully and contact the Division with any questions well before the Application Deadline.

The Division will retain all rejected applications. Completed applications, supporting documents and any communication with the Division concerning those applications and documents, other than the financial statements of a natural person, are public records and will be made available by the Division for inspection and copying in accordance with the provisions of chapter 239 of NRS after the final determination of tax credits is made by the Administrator. (NAC 319.974)

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1.3 Formatting

One electronic copy of the application must be submitted. The electronic copy can be submitted on compact disc (CD) or flash drive and must contain all information. Scanned copies of the application are acceptable except that a working copy of the Microsoft Excel part of the application is required. Application elements must be submitted as separate files of the project with the appropriate labeling as prescribed by the ~~division~~ Division.

1.4 Financial and Operations Reporting

Upon an allocation pursuant to this QAP the Applicant/Co-Applicant will submit regular property financial and operating information throughout the initial compliance and extended compliance periods upon request by the Division. This includes, without limitation, annual financials, operating costs, and reserve status, occupancy and other information. This also includes copies of balance sheets, income statements, operating and capital reserve statements, rent rolls, and audited financial statements. These requirements may be satisfied by including NHD (MLicca@housing.nv.gov) on the e-mailing lists whenever such information is sent out to investors and creditors, unless otherwise specified herein. These documents must be provided within 30 days upon request, not complying will result in debarment.

Additional Requirements:

- A letter or note stating the final tax credit pricing agreed to by the developer.
- Any legal notices, including notices of delinquency, foreclosure, loan demands, and liens
- Copies of all secured debt loan documents (including original and refinancing,).

Copies of all reports should be emailed to the Division, in native working (when in Excel) or in pdf formats. The Division will provide further information on this matter in its call(s) for information.

SECTION 2 SCHEDULE OF KEY DATES

2.1 Deadline for Applications for Tax Credits and other Activities

Applications for Tax Credits, including Applications for Additional Tax Credits, along with all supporting documentation in electronic copies (CDs, flash drives, including working versions of the Excel application), must be submitted to the division's Las Vegas or Carson City offices and received by **5:00 P.M. (Pacific Time)** on **Friday, May 31, 2018** (the "Application Deadline"), unless otherwise specified by the Division. Other deadlines are shown below.

Table 1. Schedule of Key Dates

Event	When
Deadline to request in writing 2018 2019 QAP training from NHD	2 weeks after QAP Adoption
9% Tax Credit Project Application Deadline	Friday, May 31, 2018
Posting of applications general information received	Friday, May 17, 2018
Preliminary Scoring Letters Sent to Project Developers	Friday, June 14, 2018
Issuance of Notice of Reservations	NLT Friday, June 28,
Carryover allocation information deadline	Friday, September 21,
Carryover allocations issued	Friday, November 21,
Estimated 270 Day Deadline	Tuesday, March 26, 2019
Proof of satisfaction 10% test	ThursdayFriday, October 29-

All deadlines are for 5:00 p.m. Pacific Time on the date specified above.

NHD reserves the right to proceed under a modified version of this schedule, if required.

SECTION 3 TRAINING

3.1 Training Dates/Reservations for Sessions

Persons desiring training on the ~~2018~~2019 QAP and application should notify the Division in writing within two weeks of the adoption of the QAP. If a minimum of five persons notify the Division by this date, a formal training in February will be scheduled. Otherwise, requests for technical assistance will be handled on a case-by-case basis. Persons interested in training should contact: Mark Licea MLicea@housing.nv.gov.

3.2 Training Cost

The cost of the above identified training, if scheduled, is \$75 per person. The fee must be prepaid by check payable to the Division and delivered to the Division's Carson City or Las Vegas offices 10 days prior to the training date.

SECTION 4 GUIDING PRINCIPLES AND PRIORITIES

Demand for housing credits often exceeds supply. In determining how and where to allocate the credit, the Division must consider the need for affordable housing throughout the state of Nevada. The purpose of the QAP is to reserve Federal Tax Credits for the creation and maintenance of rental housing units for low and very low-income households in the state in such a way as to further the following principles and priorities:

- Reserve credits in order to provide an equitable distribution throughout the state;
- Reserve credits for areas of greatest need as supported by the Annual Affordable Housing Survey "Taking Stock" and consistent with the Housing Priorities 1, 2 & 8 in the 2015-2019 HUD Consolidated Plan (see General Information)
- Reserve credits in order to provide a reasonable mix of affordable housing projects, both in regard to the number of units, populations served (e.g., elderly, special needs, families) and type (e.g., mixed use);
- Reserve credits to as many rental housing projects as possible, considering cost, size, location, income mix of proposals, and environmental sustainability;
- Reserve credits in order to provide opportunities to a variety of qualified Applicants, both for-profit and non-profit; and
- Reserve only the amount of credit that the Division determines to be necessary for the financial feasibility of a project and its viability as a qualified low-income housing project throughout the credit period.
- Reserve credits for projects for which the owner, Principal, or management agent have not requested a qualified contract.

4.1 Criteria for Reviewing Applications

Consistent with the Code requirements, the process for evaluating Tax Credit applications includes a comprehensive analysis that gives preference to applications serving the lowest income residents for the longest period of time, together with an analysis of the overall viability of the proposed project. In order to ensure that the diverse housing needs of communities throughout Nevada are considered, the ~~low income~~Low-Income targeting and extended use period of proposed projects will be considered along with, at a minimum the following criteria:

4.2 Market Conditions

The Division will consider the impact of the proposed project on the stability of both tax credit and market rate properties in the primary market area (PMA) of the proposed project, including vacancy rates, rent concessions, or reduced rents. In addition, the Division staff will analyze the assumptions made in the Market Study provided by the Applicant regarding capture and absorption rates and overall demand. Tax Credit applications may be deemed ineligible if: (1) the assessment determines that comparable affordable housing projects have occupancy levels less than 90%; (2) the proposed housing project would have a significant adverse financial effect on other publicly funded projects without offsetting public benefits; or (3) the rents for the affordable housing project are equal to or greater than comparable market-rate housing.

The Division publishes an annual report called *Taking Stock, Affordable Apartment Survey* on its website. Potential applicants may consult this publication as part of their research on market conditions. The Division will review submitted third-party market studies in addition to its own internal publications in determining the

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needs of an area and alignment between proposed projects.

4.3 Project Readiness

The proposed project must be ready to proceed to be constructed, completed and tenant occupied within the timeframes set forth in this QAP and NAC 319.981. The components of “Project Readiness” are outlined further in Section 14.3.2 Project Readiness. As part of the overall evaluation of the project’s readiness, the Division will provide preference to projects that meet additional readiness-to-proceed criteria outlined in the scoring sections.

4.4 Overall Financial Feasibility and Viability

The Code provides that “the housing credit dollar amount allocated to a project shall not exceed the amount the housing credit agency determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project through the credit period.” The Division, therefore, will evaluate the overall financial strength of each project and consider such items as debt coverage ratios throughout the 15-year pro forma period, the ability to pay deferred Developer Fees from cash flows, operating reserve amounts, and annual operating expenses. While still acknowledging that there are legitimate circumstances that allow for a waiver of certain underwriting criteria (e.g., lower vacancy rates for 100 percent project-based voucher deals, lower per unit per annum (PUPA) for independent senior deals), projects that exceed the underwriting criteria will be considered to be stronger deals.

4.5 Experience Developing and Managing Multifamily Rental Properties

The Division will evaluate the experience of the Applicant/Co-Applicants in terms of the quality of the development and management experience, including the compliance and overall financial strength of the Applicant/Co-Applicants’ current low-income housing portfolio, the number of successful projects, compliance with any applicable regulatory requirements, and the Applicant/Co-Applicants’ past performance with respect to the efficient operation of high-quality low-income housing projects. See also Section 13.10.

4.6 Total Project Cost per Unit

The Division recognizes the wide range of project costs throughout the state, including differences in land costs, construction costs, permits, etc. Project cost ratio comparisons are not the absolute and exclusive arbiters of the best use of tax credits. Federal law requires carefully rationing the amount of the credits. All projects are subject to the maximum cost per unit for new construction projects:

Bedroom	Clark Co.	Other Counties
Studio	\$207,000	\$225,400
1	\$230,000	\$257,600
2	\$287,500	\$315,100
3	\$304,750	\$331,200
4+	\$345,000	\$345,000

4.7 Proximity to Existing Tax Credit Projects

The Division must monitor the distribution of tax credit projects across the state as well as in particular submarkets. Applicants are required to include in their Market Study, a reconciliation or explanation of the impacts and mitigation factors regarding the proximity of the proposed project to nearby existing tax credit projects to ensure viability of the existing nearby projects. The radius within which a detrimental competitive impact may be felt will be a function of the population density in and surrounding a project area. Recently approved projects should be afforded the opportunity to lease-up without direct competition from another Tax Credit project. The Market Study must address the impact of the proposed project on existing projects that are not achieving pro-forma rents.

4.8 Site Suitability

Sites will be evaluated on the basis of suitability and overall marketability including, but not limited to, schools, shopping, public transportation, medical services, parks/playgrounds; conformance with neighborhood character and land use patterns; site suitability regarding slope, noise (e.g., railroad tracks, freeways), environmental hazards, flood plain or wetland issues.

4.9 Minimum Score Required

Projects which do not score at least 60% of the available points will be rejected for tax credits regardless of project category selected or program for which they are competing under.

APPORTIONMENT OF TAX CREDITS

SECTION 5 APPORTIONMENT ACCOUNTS AND INITIAL BALANCES

5.1 Overview of the Allocation Process

The Division annually receives a population based allocation of 9% Federal Income Tax Credits from the IRS. The Per Capita Tax Credit (PCTC) for ~~2018~~2019 is estimated to be \$2.40 subject to adjustment by the Consumer Price Index (CPI). This estimate is based upon the \$2.40 multiplier published by the IRS in the *Federal Register*.

The Division then allocates those tax credits to developers selected on a competitive basis to receive the tax credits.

The Division also is able to allocate 4% Federal Income Tax Credits. The state allocates the 4% tax credits on a non-competitive approach. Refer to Section 25 for 4% Tax Exempt Bond program guidance.

The Division creates with the 9% tax credits a beginning Tax Credit Ceiling Authority balance. That balance includes the sum of:

- The annual 9% tax credit geographically allocated from the IRS,
- Any tax credits received by the Division from the national pool of unused tax credits
- Any tax credits returned, recaptured or received by the Division after the date the Division publishes the annual plan.

The allocations described in this QAP are based, initially, upon this total. Tax credits are then allocated according to the processes described in following sections.

Estimated Tax Credit allocations are shown in Table 2. Applicants/Co-Applicants may inquire of the Division for the final tax credit ceiling and category amount levels of apportionment prior to the submission of an application from the Division's website or by contacting the Division. The Division reserves the right to round up or down the actual dollar amount designated to any set-aside or geographical apportionment.

Table 2. Nevada ~~2018~~2019 Credit Authority and Allocation Plan

Estimated	201 8 9	
2018 TC Allocating Authority	Pop. Figure	Tax Credit Levels
State Tax Credit Ceiling Factor (x2.40)	2,940,058 3,0	\$7,056,139
Unused 2017 2017 Omnibus 12.5%		\$252,348
Other Returned Credits		\$34,524
Madison Palms		\$1,000,000
Total 20189		\$8,343,011
IRS Required Set-Aside		
Non-profit	11.99 10%	\$1,000,810
Balance		\$7,343,011
Geographic / USDA Apportionment		
USDA	10%	\$734,301
Additional	10%	\$734,301
Balance		\$5,832,744
Clark County	73. 43 5%	\$4,308,879
Madison Palms less forward committed		\$1,000,000
Clark County Balance		\$3,308,879
Washoe County	15.138%	\$891,735
Other Counties	11.427%	\$673,795

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SECTION 6 (RESERVED)

SECTION 7 DISTRIBUTION PROCESS OVERVIEW

7.1 Description of the Waterfall

In each annual round, the Division will add any tax credits carried over by the Division from a previous year and any tax credits awarded to the State from the national pool of unused tax credits to determine the total amount of tax credits available for allocation for the plan year. The Division will, pursuant to the annual plan, make an initial apportionment of the total allocation of tax credits in the following order:

- An allocation to specified set-aside accounts as specified in Section 8.
- An allocation to the geographic accounts specified in this section.
- An allocation to the general pool account through the waterfall process outlined herein.

Non-Profit

All non-profit applications will be scored in the non-profit set-aside and in their corresponding geographical apportionment / USDA account. All other projects will be scored only in their respective geographic or apportionment account. Non-profit- Applications will be scored to determine which project receives the required non-profit set-aside. Once determined, any remaining credits in that fund will go directly to the general pool. All remaining non-profits will be scored in their appropriate geographical apportionment / USDA account.

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USDA (5% rule in effect)

All USDA projects will be scored in the USDA account. The highest scoring applications will be funded until the remaining credits are insufficient to fund another project. All remaining credits will go into the general pool.

Clark County (5% rule in effect)

All Clark County projects will be scored in the Clark county account. The highest scoring applications will be funded until the remaining credits are insufficient to fund another project. All remaining credits will go into the general pool.

Washoe County (5% rule in effect)

All Washoe County projects will be scored in the Washoe Co. account. The highest scoring applications will be funded until the remaining credits are insufficient to fund another project. All remaining credits will go into the general pool.

Other Counties (5% rule in effect)

All Other Counties projects will be scored in the Other Counties account. The highest scoring applications will be funded until the remaining credits are insufficient to fund another project. All remaining credits will go into the general pool.

Additional Credits

NHD discretion will be utilized when awarding additional credits. Applicants may be awarded the full amount requested up to 12% of the original allocation or a lesser amount. Any remaining credits will go into the general pool. Projects that received points for most efficient use of tax credits under Superior Project will be limited to receiving not more than 6% of their original tax credit allocation.

General Pool (5% rule in effect)

The remaining general pool credits will be used to fund remaining, unfunded projects, based on highest score; and utilizing the 5% rule. If there are insufficient funds in the general pool to fund the next highest scoring application, the next highest scoring application that will be made whole (or with the 5% rule) will be funded. Once the credits reach a level where no more applications can be funded; all of those general pool credits will be transferred to the 2019 allocation.

7.2 The Five Percent Rule

Except as otherwise provided in this section, to maximize any reservations against an account or subaccount specified in this section, including the Geographic and General Pool accounts, the Division will implement the following:

The Division will make reservations of tax credits until the remaining available balance of tax credits for the next highest scoring application is insufficient to cover the amount requested in the category for which tax credits are being allocated, except as noted below.

If the amount requested by the next highest scoring Applicant is reduced by up to 5% and the available balance in the account or subaccount equals or exceeds that reduced amount, then the Applicant may elect to receive that amount if the Applicant confirms in writing, to the satisfaction of the Division, that the project will still be – viable and financially feasible with lower tax credit amount. No changes may be made to the projects which change the project score.

If the Applicant does not prove to the satisfaction of the Division that its project will still be viable and feasible with the lower tax credit amount or the Applicant otherwise declines to receive the allocation of the lesser amount, then the Division will transfer the remaining balance to the General Pool. With respect to geographic allocations, the 5% rule applies only to applications requesting an amount of tax credits less than or equal to the initial amount allocated to the applicable geographic subaccount. The 5 Percent Rule does not apply to applications submitted for the Non-Profit Set-Aside.

7.3 Ten Percent Test for Carryover Allocations

Pursuant to the year-end tax bill of 2000 and the Housing and Economic Recovery Act of 2008 (HERA), the 10% test for the Carryover Allocations will be extended for twelve months from the date of the Carryover Allocation. All information which must be submitted in order to receive a Carryover Allocation must be sent to the Division's Carson City or Las Vegas office and received by 5:00 P.M., Friday, September 20, ~~2019~~2020.

The Division will issue Carryover Allocations on or about November 8, ~~2019~~2019. The following documentation is required for the Carryover Allocation:

- Payment of the Carryover fee of \$3,000.00
- An executed copy of the Declaration of Restrictive Covenants. The original must be recorded in the County that the project is located within 30 days of the issuance of the Carryover Letter or later if requested by the Applicant but no later than closing.
- The physical address for each building in the project or the site legal description.
- The Federal Tax Identification Number of the sponsor/owner or partnership that will be used for reporting to the Internal Revenue Service.

The Project Sponsor must meet the 10% test by **November 1, 2020**. Project Sponsors must submit a quarterly construction status report of the project if requested by the Division, until a certificate of occupancy is issued by the building department.

7.4 The 270 Day rule

Pursuant to subsection 1 of NAC 319.981, each project must close within 270 days after the date the Division provides the Applicant notice of the reservation of Tax Credits. The Applicant/Co-Applicant must demonstrate by providing proof satisfactory to the Division that the project is closed through the following actions:

- Purchased and holds title in fee simple to the project site in the Applicant's/Co-Applicant's name.
- Entered into a written agreement with a contractor who is licensed in the State to "begin construction", as defined in the Glossary, before the end of this 270-day period.
- Obtained adequate financing for the construction of the project. The Applicant/Co-Applicant must provide written commitments or contracts from third parties.
- Executed a written commitment for a loan for permanent financing for the construction of the project in an amount that ensures the financial feasibility of the project.

All Applicants/Co-Applicants must also execute an agreement to promote the Division's participation in the project during the construction phase (see Exhibit 4 of the Division's Application for Tax Credits).

A project that will not close within 270 days as required pursuant to subsection 1 of NAC 319.981 may request a 45-day extension pursuant to subsection 2 of NAC 319.981. The Division will require that a fee be submitted with the written request for an extension of the 270-day period as specified in Section 21 Fees. A request for extension must be requested prior to the 270-day expiration in order for the Division to perform due diligence on the request. Requests should be sent to Mark Licea MLicea@housing.nv.gov for processing.

Projects that have not closed within 270 days from the date of the reservation letter, or which have been granted a 45-day extension and have not closed within the 45-day extension period, will have their reservation of Tax Credits terminated.

7.5 Declaration of Restricted Covenants (DRC)

The DRC for all projects which receive a reservation must be recorded at the earliest possible time, which will be when a project receives a Carryover Allocation or later if requested by the Applicant, but no later than closing. All Applicants/Co-Applicants and Project Sponsors agree to cooperate with the Division to timely record the DRC.

SECTION 8 SET-ASIDE ACCOUNT ALLOCATIONS

SECTION 8 SET-ASIDE
ACCOUNT
ALLOCATIONS

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8.1 Set-Aside Allocations

This category includes subcategories which will be funded before Geographic and General Pool Account allocations.

Applications submitted under set-asides that do not receive funding from the set-aside category(ies) selected in the application may be eligible to, and may, compete for an allocation of Tax Credits in the geographic category, if the Applicant checked all category and geographic boxes which the Applicant elects to compete in.

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8.1.1 § 42 Non-Profit Set-Aside (IRS category, § 42(h)(5)(A))

The Division will set-aside ~~\$1,000,000~~\$810,000 for Non-Profit Applicant organizations. This set-aside is not subject to the 5% rule.

Credits from the Non-Profit set-aside will be allocated in accordance with the process described in this section and shown in part in Section 5, Apportionment Accounts and Initial Balances. Tax Credits from the Non-Profit set-aside will be allocated until the amount of Tax Credits in the set-aside is fully allocated.

A reservation or allocation of Tax Credits from this set-aside will be limited to non-profit organizations acting alone or in partnership with a for-profit Co-Applicant. The goal and mission of the Applicant/Co-Applicant non-profit organization must be developing and providing affordable housing.

The non-profit Applicant/Co-Applicant must have successfully developed and operated affordable housing which offers restricted/subsidized rents to income eligible tenants, utilizing HUD/LIHTC/PHA and/or other public funding sources. The non-profit organization Applicant/Co-Applicant must have actively participated in the development and operation of the affordable housing projects either as the manager or general partner of the Project Sponsor, the contractor, or Project Sponsor. Applicant, if awarded tax credits under this set-aside, will be required to continually provide documentation of "material participation"...i.e., regular, continuous, and substantial involvement with the project (IRS Form 8823 Specific Instructions, Item 11q; see also IRC §469(h)).

The non-profit Applicant/Co-Applicant must have received and provided a copy of a determination letter from the IRS indicating that the organization is qualified pursuant to IRC Section 501(c)(3) or 501(c)(4) before submitting an application and the application package must contain an executed Certification of Material Participation by the Qualified Non-Profit Organization, Exhibit Seven of the Division's Application for Tax Credit (that is posted on the Division website).

The Applicant/Co-Applicants must also certify that no change has occurred in the organization since the issuance of the IRS determination letter that would affect the validity of the determination letter. If the Applicant/Co-Applicants receive a Carryover Allocation of Tax Credits from the non-profit set-aside pursuant to the Nevada ~~2018~~2019 Credit Authority and Allocation Plan, any new Project Sponsor during the compliance period must establish that the new Project Sponsor meets all of the requirements to qualify for a Carryover Allocation- of Tax Credits or the Final Allocation of Tax Credits from the non-profit set-aside under the provision of this QAP.

Tax Credits in this set-aside will be awarded to the highest scoring non-profit project. If additional Tax Credits are needed to fully fund the highest scoring proposal, additional Tax Credits will be distributed to the proposal from the appropriate geographic apportionment set-aside account which the Applicant/Co-Applicant has explicitly selected subject to the following conditions:

- The proposal receives a score in the geographic apportionment set-aside account which is high enough to be awarded an allocation of Tax Credits from that account; and

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- There are enough Tax Credits available in the geographic apportionment set-aside account to fund that proposal.

If, after the highest scoring non-profit project has received an allocation of Tax Credits, there are remaining Tax Credits in this set-aside, the remaining non-profit applications in score rank order will be awarded an allocation of Tax Credits following the same process above until there are no credits available in the non-profit set-aside pool.

If there are no other non-profit applications, then the remaining balance in this set-aside will be carried over into subsequent rounds as a minimum Tax Credit to be set-aside exclusively for non-profit applications subject to the requirements of this section.

8.1.2 USDA-RD Set-Aside (Acquisition/Rehab Only)

The Division will set-aside 10% of the state ceiling with a preference for one or more United States Department of Agriculture Rural Development (USDA-RD) projects.

A reservation or allocation of Tax Credits from the USDA-RD set-aside will be limited to acquisition/rehabilitation projects.

Acquisition/Rehabilitation projects must be in accordance with USDA-RD regulations and must substantially rehabilitate or change the project to accommodate the housing needs in the jurisdiction in which the project is located. Acquisition/Rehabilitation projects will require a letter from USDA explaining why the rehabilitation is warranted and indicating that the scope of the capital needs assessment is acceptable, and that the rehabilitation meets USDA-RD's definition for substantial rehabilitation. The letter must accompany an application to constitute a complete application; applicants are encouraged to submit their application and capital needs assessment to USDA-RD for review prior to Tax Credit application submission. The Project must also meet the Division's definition for substantial rehabilitation as stated in Section 11.9 that for this particular set-aside is an investment of at least \$10,000 per unit prior to funds invested to meet the Division's energy requirements.

Allocation of Tax Credits to the project(s) with the highest score in the USDA-RD set-aside account will be made first, and subject to the Five Percent Rule. Tax Credits will be allocated until the amount of Tax Credits in the set-aside is fully allocated or the amount remaining in the set-aside is too small to fund the next highest scoring project. Unreserved amounts from the USDA-RD set-aside if any will be placed for distribution into the General Pool Account.

At the time of application, the Applicant/Co-Applicants must have supplied the local USDA-RD office with a letter authorizing that office to release to the Division a copy of the Applicant/Co-Applicants' application for USDA-RD funding. A copy of the letter must be submitted with the Tax Credit application. Applicant must also include in the Tax Credit application a written document (emails are acceptable) from the local USDA-RD confirming receipt and authorization to proceed.

8.1.3 Additional Tax Credits

The Division will set-aside 10% of the state ceiling with a preference for projects which have not yet been placed in service which were awarded credits within the immediately preceding two years which have had reasonably unforeseeable increased construction costs or decreases in credit pricing that result in a financing gap, after the prior year application, and subject to the conditions of this section.

A project can only receive an award from the Additional Tax Credit pool one time after the initial reservation of tax credits. Allocations will be made pursuant to Administrator discretion in accordance with the Division's priorities and goals for low-income housing. Any remaining, unreserved amounts from the Additional Credits Set-Aside will be placed for distribution into the General Pool Account.

Applicant/Co-Applicants submitting applications for additional credits must submit a modified application consisting of a cover letter requesting the additional credits. This letter or the supporting documentation must include:

- an explanation and support that the need for additional credits was not reasonably foreseeable at the time the prior year application was submitted,
- the current status of the project relative to each primary requirement of closing, with a certification that all elements of the 270-day test have been met,
- the steps being taken—and their status—to overcome any obstacles to completion,
- proof of sufficient funding to complete the project,
- an updated schedule with milestones for completion of the project including dates **of completed** milestones.

Applicants must include working copies of the original Excel application and a copy of an updated Excel application including the updated budgets, sources and uses, cash flow, any changes to eligible basis, etc. The application must show variances and explanations of variances, where applicable, of changes in quantities, per unit costs, total estimates, tax credit pricing, etc.

Supporting documentation must include copies of the letter(s) from funding sources for the prior year application showing their commitment to fund at the prior year application level as well as any updated funding commitment letters.

Applicants must explain where Value Engineering changes have been made and break out the changes in terms of quantities, costs, materials changes, specification levels, etc.

Applications for Additional tax credits will only be considered if the Applicant has satisfied all of the 270-day requirements, which may include an additional 45 day extension.

Requests for Additional Tax Credits are subject to the additional limitations specified below:

- Additional Tax Credits exclude increases in Developer Fees (The amount of the Developer fee may not increase from the amount claimed in the original application.). Contractor Fee cannot go above the original percentage in the initial application.
- The request for additional Tax Credits will not exceed 102% of the original award and may be less than the amount requested.
- Requests for additional Tax Credits within the 102% limit and not totally funded through the set-aside may be considered at the end of the initial competitive round at the discretion of the Administrator.
- Applicants must certify, prior to the allocation of additional credits, that this will be a sufficient amount of credits to complete the project.
- Applicants must show evidence that they have fully complied with the 270-day rule including having commenced construction.

SECTION 9 GEOGRAPHIC ACCOUNT ALLOCATIONS

After reservations are made to projects applying for Set-Aside or Additional Funding, pursuant to the rules regarding those categories and their available balances, the Division will, according to relative populations, proportionately allocate Tax Credits to projects in each of the three geographic sub-accounts: Clark County, Washoe County, and Other Nevada Counties.

The allocations will be based upon Nevada's most recent official population estimates issued by the State Demographer. The population estimates for Clark County, Washoe County, and Other Nevada Counties will be used to establish apportionment percentages for the geographic sub-accounts.

Geographic allocations will be made based on the high score within each set-aside where there are sufficient available tax credits for the specific account.

The Division will proportionally make Tax Credit reservations to geographic sub-accounts and, with regards to any remaining tax credits for these accounts, in the following order and subject to the Five Percent Rule:

- **Clark County.** The Division will award Tax Credits to the highest scoring application until the amount of Tax Credits in the Clark County Geographic Subaccount is fully allocated or the amount remaining in the subaccount is too small to fund the next highest scoring project. Unreserved amounts from the Clark County Geographic Subaccount, if any, will be placed for distribution into the General Pool Subaccount.
- **Washoe County.** The Division will award Tax Credits to the highest scoring application until the amount of Tax Credits in the Washoe County Geographic Subaccount is fully allocated or the amount remaining in the subaccount is too small to fund the next highest scoring project. Unreserved amounts from the Washoe County Geographic Subaccount, if any, will be placed for distribution into the General Pool Subaccount.
- **Other Nevada Counties.** The Division will award Tax Credits to the highest scoring application until the amount of Tax Credits in the Other Nevada Counties Geographic Subaccount is fully allocated or the amount remaining in the subaccount is too small to fund the next highest scoring project. Unreserved amounts, if any, from the Other Nevada Counties Geographic Subaccount will be placed for distribution into the General Pool Account.

SECTION 10 GENERAL POOL ALLOCATIONS¹

Allocations which have been placed in the General Pool shall be distributed according to the following manner. At the discretion of the Administrator, Tax Credits in the General Pool will be allocated to fund:

- The highest ranked unfunded project from the first funding round submitted in any of the geographic sub accounts, if that project can be implemented with the remaining amount of Tax Credits as represented in the application, including consideration of the Five-Percent Rule;
- New projects as part of a second funding round; or
- Projects requesting additional Tax Credits.

A partial commitment to a project with a corresponding forward commitment for the balance of credits may be made at the discretion of the Division Administrator.

ELIGIBLE PROJECTS

SECTION 11 ELIGIBLE PROJECT CATEGORIES

This Section sets forth the eligible project categories for the awarding of tax credits for the ~~2018~~2019QAP. Each applicant must select one project category for consideration by the Division for the ~~2018~~2019QAP. A project may consist of scattered-site or single-site housing.

11.1 Projects for Individuals

Projects for individuals must be compliant with the Fair Housing Act. This category is based on the housing needs for predominately single individuals who are not 55 years of age and over (Senior Housing Age 55 and older category provided). Allowable unit sizes in the project are primarily studios and one-bedroom units to accommodate these individuals. No more than 10% of the total units in the project can be 2-bedroom. Unit size/limitations and points are explained further in Section 14.2.3.

11.2 Projects for Individuals with Children and Families with Children

This category is based on the housing needs for predominately individuals with children and families with children. To be considered for this category, units must be made available to individuals with children and families with children. Under this project category, a maximum of 10% of the total units can be studios. See Section 14.2.4.

¹The Division will make General Pool allocations based upon Division research and data driven needs analyses.

11.3 Senior Housing Age 55 and Older

This category is based on the housing needs for predominately individuals who are 55 years of age or older. To be considered for the category, all of the units in the project must be made available for seniors. The unit must be intended and operated for occupancy by persons 55 years of age or older, and at least 80% of the occupied units are occupied by at least one person who is 55 years of age or older. The housing facility or community must publish and adhere to policies and procedures that demonstrate they will meet this requirement. See Section 14.2.1.

11.4 Special Needs

This category is based on the housing needs for predominately individuals with Special Needs, as described below. To be considered for this category, at least 20% of the units must serve one or more of the special needs population identified below. The Special Needs populations identified below are not intended to be “all inclusive” and the Division reserves the right to award preference points to other Special Needs populations upon request of the Applicant/Co-Applicants and approval by the Division. Requests for approval to serve a Special Needs category not shown below must be received in writing 45 days prior to submitting an application. The request must include documentation supporting the proposed category as being a federal or state recognized Special Needs category. The Division recognizes the following Special Needs categories:

- Persons with physical disabilities.
- Persons with developmental disabilities.
- Persons with mental illness as defined by the National Institute of Mental Health.
- Permanent supportive housing for persons and families who are homeless.
- Victims of domestic violence.
- Persons with HIV/AIDS.
- Transitional housing for persons released from incarceration, including persons paroled or on probation.
- Transitional housing as defined in IRC Section 42 (i) (3) (B) (iii).
- Persons with drug, substance and/or alcohol abuse behavior. The individual must be in a state of recovery or is currently receiving treatment and/or counseling for the abusive behavior.
- Persons with Alzheimer’s disease, Dementia and Frail Elderly.

Applicants must submit documentation showing that they will be responsible for ensuring that Services and care will be provided to the project’s Special Needs populations for the initial 15-year IRS mandated period of affordability. The provision of care during the extended compliance period will be assessed by the Division to determine if the project can continue as both an affordable housing facility and a provider of care. If the provision of care is not feasible, the Division has the authority to amend the extended use agreement.

Care services for Special Needs populations must be optional to tenants residing in restricted units. Any cost associated with care services must be separated from the rent. *Fees may not be charged for any item that is part of the eligible basis.*

The Applicant/Co-Applicants must provide a description of the care services provided and/or available to ~~low-income~~ **Low-Income** tenants and the estimated costs of those services. The Applicant/Co-Applicants must provide a list of the services provided at the facility, the cost of each service, and a description of how the cost for the services will be funded, especially for tenants that may not have the means to pay for the level of care. The subsidization of the services to low-income tenants may be accomplished through a mixed income project in which residual income derived from the market-rate units to subsidize the services received by the low-income tenants.

For projects serving Frail Elderly, Alzheimer and Dementia populations:

- Only 20/50 and 40/60 mixed income projects are eligible for Tax Credits.
- Care services must be conducted on a 24-hour basis.
- The Division will require an IRS Private Letter Ruling or comparable legal opinion indicating that the project meets General Use requirements.

Frail Elderly, Alzheimer and Dementia projects are not eligible to receive scoring points for extended compliance periods.

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11.5 Mixed Income Residential Projects

This category is based on the housing needs for both ~~low income~~ **Low-Income** residents as well as moderate income residents. Under this category, to be considered a Mixed Income Project, a minimum of **10%** of the units in the project must be unrestricted, market-rate dwelling units. Once established, the qualified basis (applicable fraction) for the project must be maintained for at least the 30-year compliance period. The applicable fraction will be the lesser of the percentage of Tax Credit units to the total units in the project, or the percentage of restricted square footage in the project to the total square footage in the project, excluding common areas.

Units are considered “unrestricted, market rate dwelling units” for the purposes of this QAP if they are not considered in the qualified basis (applicable fraction).

11.6 Mixed Use (or Multi Use)

This category is based on the housing needs for those who elect to live in a setting where, typically within walking distance are other convenient desired land uses. Under this category, to be considered a Mixed Use Project the following criteria must be met:

- Commercial, office or retail space must be a minimum of 1,200 square feet. Applicant project may be part of an existing or imminent new mixed-use (physically integrated multiple uses) or multi-use project (adjacent uses²) which includes the commercial, retail, office or other uses described herein—only if this specific project parcel is part of a master planned development and the project parcel has or will have a Declaration of Restrictive Covenants or Land Use Regulatory Agreement with respect to these specific land uses.
- Commercial retail or office space may be leased to a third party. For example, the office space to meet this requirement may not be used by the applicant instead of normal internal office space.
- Proper documentation must be provided that the site is properly zoned to accommodate the various land uses. The commercial, retail, office or other uses may be in the same parcel as the applicant’s housing component. The housing component must have a separate legal description prior to receiving a Carryover Allocation of Tax Credits.
- The eligible basis for the Tax Credit project must not include any costs for the commercial retail or office space. The Applicant/Co-Applicants must document the source of funding for the non-residential income producing land use components, separate from the eligible basis residential component, in the sources and uses section of the application—if the Applicant’s project includes construction of the non-residential uses. The commercial, retail or office components must be underwritten separately from the applicant’s housing project estimated to generate a minimum debt ratio of 1.20.
- The Market Study must include an assessment of the economic viability of the commercial retail or office space site based on comparable leasing costs per square foot, projected income/operating expenses, vacancy, local competition, etc.
- Commercial, retail or office space establishments must be conducive to family housing. Commercial retail or office space establishments may not include adult-only establishments, nightclubs, massage parlors, liquor stores, or other similar establishments.
- The issuance of 8609’s (LIHTC Allocation & Certification) will be dependent upon a valid start of construction to the non-residential income property section of the project as well as the applicant’s residential project start.

²Adjacent used here means as lying near or close to; possibly, but not necessarily abutting.

11.7 Housing for Eventual Tenant Ownership (Rent to Own)

This category is designed to serve ~~low-income~~Low-Income residents which may be interested in eventually owning a home which they first rent. To be considered for this category, all of the restricted rental units in the project must be made available for eventual ownership. Residential units must be single-family structures, consisting of 1 to 4 units, and/or townhomes. Each unit must have separate legal descriptions to allow for ownership to transfer to the eventual purchaser. All units must be located within a 2.5-mile radius, and the Applicant/Co-Applicants must designate the center from which the radius will be measured.

The Applicant/Co-Applicants must make the units in the project available for purchase by the existing tenants upon the termination of the 15-year compliance period. Existing tenants must have a first right of refusal to purchase the unit. Thereafter, units may be made available for purchase to other qualified low-income families and/or individuals that satisfy the project's requirements.

The purchase price of the units must take into consideration the rent paid by the tenants. The mortgage must be a 15-year or 30-year fixed rate mortgage with rates and terms consistent with those offered and available in the local housing market.

The project must fully comply with the tenant income and rent requirements for the LIHTC program during the initial 15-year period of affordability. The project will be exempt from any additional affordability requirements when all of the single-family structures in the project are sold to eligible families. The 15-year affordability period will be extended on all of the remaining, unsold units until the last single-family home in the project is purchased. The project is not eligible for any extended compliance points. Homes not sold must remain affordable rental units pursuant to the terms and conditions of the original application and the Declaration of Covenants.

11.7.1 Key Requirements for Tenant Ownership Projects

- **Tenant Income:** The Applicant/Co-Applicants must set eligible tenant incomes pursuant to LIHTC program requirements during the initial 15-year period of affordability. Tenant incomes must conform to HUD income guidelines and Applicant/Co-Applicants must complete all of the required income verifications and certifications. Project compliance requirements are contained in the Division's *Low-Income Housing Tax Credit Compliance Policies and Procedures Manual*.
- **Rent Restrictions/Lease Agreements:** Tenant lease agreements must conform to LIHTC program requirements during the initial 15-year period of affordability. The tenant portion of the rent plus utility allowance and any other mandatory fees must not exceed the maximum gross rent allowed by the Code. Project compliance requirements are contained in the Division's *Low-Income Housing Tax Credit Compliance Policies and Procedures Manual*.
- **Management Plan:** The Applicant/Co-Applicants must submit a plan for the ongoing management, maintenance and repair of the project as a rental property for the initial 15-year credit period. The plan should include information on the location of the leasing office, costs associated with property leasing and administration, and maintenance schedules and costs for general repairs, maintenance, and replacement of mechanical items.
- **Escrow Account:** A de minimis tenant escrow account must be set up for each tenant. The Applicant/Co-Applicants must provide a written description as to how the de minimis tenant escrow accounts will be set up. A portion of the tenant's rent must be set aside and accumulated to contribute as a down payment towards the purchase of the unit (de minimis payment). Tenants who terminate residency at the project must have this money returned to them plus nominal interest accrued. The Applicant/Co-Applicants is required to set up individual bank accounts (de minimis accounts) for each tenant family residing in the property.
- **Right of First Refusal:** The Applicant/Co-Applicants must provide a copy of the Right of First Refusal Agreement to the Division for approval. The Agreement must be provided to each tenant upon initial

tenancy. The Agreement must:

- Guarantee the tenant the right to purchase the property if the tenant agrees to the terms and conditions of the original lease;
- Specify a “not to exceed” offering price to the tenant; and
- Provide a clause that then tenants cannot be displaced from the property without just cause.

11.8 All Categories – Multiple Projects Same Parcel

All proposed projects involving multiple projects on the same parcel must, in addition to meeting the project type requirements for their project, adhere to the following:

Applicants/Co-Applicants must request Division approval in the form of a legal opinion by Division Counsel stating that they are separate projects, that there is an adequate agreement for shared amenities and/or easements, and the jurisdiction has approved them as separate projects on the same parcel **no less than 30 business days before the submittal of the Tax Credit application.**

The application must include a zoning letter from the local jurisdiction that states without exception the parcel is zoned for the proposed project, can accommodate both projects without splitting the parcel and requires no further actions.

Phased projects must adhere to the requirements of this section with the following exception:

- (1) Multiple projects on the same parcel owned by the same owner/applicant are considered one project and must submit a completely executed copy of the governing document of the entity, i.e. the partnership agreement, operating agreement or bylaws, as amended, verifying ownership of the entire project by the owner/applicant and confirming the project will not be split upon sale. If this documentation is not received within 90 days of reservation of tax credits, then the reservation may be terminated. If the partnership agreement, operating agreement or bylaws verifies the ownership of the entire project by the entity and confirming that all projects will be sold together in any future sale, then an agreement for shared amenities/easements may not, at the Division’s discretion, be needed.

11.9 Acquisition/Rehabilitation Projects

This category is designed to facilitate the rehabilitation of certain properties. If the proposed project is a multi-family project acquisition/rehabilitation, a multi-family project rehabilitation or change of use to multi-family project, the application must include:

1) Capital Needs Assessment (CNA). A CNA is required for all acquisition/rehabilitation or conversion projects whether or not the project will maintain its affordability for 30 years or more. The CNA must be prepared by a competent, industry acknowledged, third-party. The CNA must list planned expenses by component category. Each item should be clearly identified in the format for itemizing planned expenses, including quantities and costs per units and costs per item, as outlined in a Planned Expenses by component report. The Division reserves the right to have its 3rd party estimator review the CAN and offer input into the scope of work. In a scattered-site property, the CNA must reflect costs associated with the rehabilitation or each unit by unit contained in the project.

2) Scope of Rehabilitation. Rehabilitation shall be defined as repair or renovation of an existing residential structure and excludes the demolition or expansion of the footprint of the buildings. Rehabilitation Projects must demonstrate that the costs associated with the rehabilitation is substantial. Except as otherwise provided in this Section; Rehabilitation Projects must include costs of at least \$30,000 per unit. To demonstrate the \$30,000 per unit of costs, the Applicant must provide documentation which supports the costs. The Division will not include the following costs in determining the \$30,000 per unit cost:

- Construction Overhead or any other Overhead
- General Requirements
- Any Reserves
- Parking Lots/carports
- Landscape/Irrigation
- Pools & Spas
- Recreational courts
- Garden walls& Gates
- Non-residential bldg’s

- 3) Service Date. All buildings must be put into service within two years from the date of the Carryover Allocation of the Tax Credits, or the Tax Credits will be terminated and returned to the Division.
- 4) Tenant Displacement and Relocation. To minimize displacement of existing tenants, the Applicant/Co-Applicants may choose to income-qualify all tenants immediately upon acquisition of the buildings in the project.
- 5) Prior Ownership. Applicants or Co-Applicants must provide a detailed ownership history of buyer and seller in order to verify the IRS 10 year hold rule for projects that are seeking resyndication. The Applicant's or Co-Applicant's prior ownership interest in the property cannot exceed 50%³. No sale will be allowed from one partnership to another partnership if the entity selling the property is also one of the limited/general partners purchasing the property, and the entity selling the property has more than a 50% interest in the purchased property except as allowed in HERA.
- 6) Lead Based Paint. Under the Uniform Physical Conditions Standards, housing projects must comply with Lead Safe Housing Rules⁴. These requirements apply to *buildings and units built before 1978*. Paint with at least one milligram of lead per square centimeter of paint, or with a half percent of lead by weight, is considered lead-based paint and subject to the federal regulations. Typical lead based paint hazards include deteriorated paint and dust or bare soil with lead above specified levels.

11.9.1 Additional Requirements [Not applicable to Tax Exempt Bond projects]
 The property of a Rehabilitation Project must be not less than 20 years from the most recent tax credit Placed in Service Date at time of application.

If you have an Acquisition/ Rehabilitation of a senior project, please see the exception in Section 14.2.1.

SECTION 12 MANDATORY ENERGY REQUIREMENTS

All proposed projects must meet the following mandatory requirements:

12.1 Energy Conservation Requirements

Applicant/Co-Applicants and Project Sponsors must comply with the Minimum Energy Efficiency – Requirements specified in this section as a condition of receiving the Carryover Allocation or Final Allocation of Tax Credits. Energy conservation requirements as outlined in the EPA Energy Star Home Program apply to the residential units only; these standards do not apply to the common areas. By submitting the application, Applicant/Co-Applicants agrees to comply with all of the Division's Energy Efficiency Requirements. Failure to do so will result in a revocation of the Carryover Allocation or Final Tax Credit allocation, as applicable.

Sections 12.1.1-12.1.6: New Construction

12.1.1 General Building Performance

- Energy performance equal to or greater than the EPA Energy Star Home Program Version 3.1. This will be verified by an analysis of the building plans pre-construction using approved software and verified by inspections and testing post-construction using sampling protocol.
- Using all applicable prescriptive measures listed for mechanical system and building envelope efficiencies should result in the structure meeting the energy efficiency requirements. When the detailed analysis of the building and individual units demonstrates that the energy performance meets the required efficiency level, trade-offs with components may be made and all prescriptive measures may not be required.

³Public Law 110-289 adopted July 30, 2008 also known as the Housing and Economic Recovery Act of 2008 (HERA) Sec. 3003 (e) provided for a simplification of the related party rule and allowed a prior owner (or owners) to own up to 50% of the ownership interest in the property. A project will not receive points for those items where information is missing, incomplete, or unclear.

⁴24 C.F.R. part 35

12.1.2 Mechanical Systems Standards

This information is given for heating systems and hot water heaters fueled by natural gas. For areas not served by natural gas and for installation of high efficiency Energy Star qualified heat pump or solar water heaters, consult with the Division.

- Heating and cooling equipment must be sized using ACCA’s Manual J or equivalent protocol.
- Heating. A furnace inside conditioned space will be a sealed-combustion unit.
- Cooling. Thermal Expansion valves are required.

EQUIPMENT	NORTHERN NEVADA	SOUTHERN NEVADA
Conventional Forced Air Furnace	92 AFUE	90 AFUE
Split System Central A/C and Air Source Heat Pumps up to 135,000 BTUh	14SEER	AC 15 SEER or 12.5SEER Heat 5HSPF
Combination Space Heating/Water Heater	80 CAafue/Recovery Efficiency 80%	80 CAafue/Recovery Efficiency 80%

AFUE – Annual Utilization Efficiency
 EER – Energy Efficiency Ratio
 CAafue – Combined Appliance AFUE, for integrated systems that use the water heater to also provide heat this is the recovery efficiency of the water heater.
 SEER – Seasonal Energy Efficiency Rating
 HSPF – Heating Seasonal Performance Factor

- 1) Thermostats: Must be seven-day programmable with setback capabilities for wake, day, evening and night settings. Not required for senior housing units. For senior housing units, thermostats with large display settings are preferred.
- 2) Ventilation: Meet ASHRAE Standard 62.2 Ventilation for Acceptable Indoor Air Quality.
- 3) Return Air: Transfer grills or jump ducts at bedrooms in units with 2 or more bedrooms unless served by return balancing air duct or if pressure difference with door closed and air handler running is 3 Pascals or less.
- 4) Hot Water:
 - a. Residential Water Heaters. Residential water heaters must have a Minimum Energy Factor 0.65. Water heaters inside conditioned space of the dwelling unit will be power vented or direct-power vented unit.
 The Energy Factor (EF) for gas water heaters may be found at:
<https://www.ahridirectory.org/ahridirectory/pages/home.aspx>
 - b. Commercial Water Heaters. Commercial water heaters must have a Minimum Thermal Efficiency of 82%.
- 5) Ceiling Fans: Each dwelling unit must contain Energy Star Rated reversible ceiling fans, including the fan motor and the light kit if lighting is provided.
- 6) Duct Leakage: Leakage to outside conditioned space of complete HVAC system 6 CFM or less/100 square feet of living space.

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12.1.3 Building Envelope

Minimum Efficiency must be equal to or greater than required minimum below or the IECC code in effect at the time of construction, whichever is greater.

COMPONENT	NORTHERN NEVADA, LAKE TAHOE AND RURAL NEVADA	SOUTHERN NEVADA
Attic/Ceiling	R49	R38
Wall Cavity or Cavity + Continuous Sheathing	R22/R24 in Lake Tahoe	R20 or R13 + R5
Band Joist Cavity or Cavity + Continuous Sheathing	R22/R24 in Lake Tahoe	R20 or R13 + R5
Floors Over Unconditioned Crawl Spaces	R30	R19
Slab Foundations	R10 Perimeter Insulation from top of slab to 2' depth	N/A
Windows	Energy Star Qualified With NFRC certification	Energy Star Qualified With NFRC certification
Air Infiltration	Complete the Energy Star Thermal Bypass Inspection Checklist	Complete the Energy Star Thermal Bypass Inspection Checklist

- 1) Lights: Light Fixtures shall be Energy Star Qualified LEDs or equivalent (light fixtures placed in unconditioned spaces must be airtight (i.e., ICAT fixtures).
- 2) Appliances: The below must be Energy Star labeled.
 - a. Refrigerators
 - b. Dishwashers
 - c. Clothes Washers
- 3) Paint: Low Volatile Organic Compound (VOC) paint must be used for all interior walls.
- 4) Water Conservation:
 - a. Showerheads. Use 2.0 gallons per minute or less.
 - b. Bath Faucets. Use 1.5 gallons per minutes or less.
 - c. Toilets. Water-Sense labeled 1.28 gpf
- 5) Quality Assurance: Equipment must meet quality installation requirements. During project construction, each unit type (i.e., floor plan and location in building) will be inspected and tested as a quality assurance measure until two consecutive units of this model type meet testing requirements. At this point, testing on this unit type can be reduced to a sampling rate of 1 in 7, or 15%.

12.1.4 Mechanical Systems Testing and Verification

Test all systems for proper installation and operation.

- 1) Heating- Proper installation will be verified.
- 2) Cooling- Thermostatic Expansion Valve verified.
- 3) Duct Leakage- Verified by pressure testing.
- 4) Thermostats- Verified by physical inspection.
- 5) Ventilation- Verified by testing and inspection.
- 6) Return Air Balancing- Verified by inspection.
- 7) Hot Water- Verified by inspection.

12.1.5 Building Envelope

- 1) Complete the Energy Star Thermal Bypass Inspection Checklist.
- 2) Ensure the insulation is at required levels, is installed properly and consistently.
- 3) Document NFRC rating on windows for required U-value and SHGC.
- 4) Ensure that Low E coatings on windows are installed on the correct surface.

- 5) Verified by Inspection during Construction: Quality insulation installation in Attics, Walls, and Band joists, Crawl Space and Foundations, Slab Foundations, Windows.
- 6) Verified by Post Construction by Pressure Test: Infiltration.
- 7) Verified by Inspection Post Construction
 - a. Appliances (i.e., Refrigerators, Dishwashers, Clothes Washers).
 - b. Hot Water Conservation (i.e., Showerheads and Faucets).

Information relating to the safety, healthy, comfortable operation and maintenance of the building and systems that provide control over space conditioning, hot water energy use to be provided to occupants. The Division encourages architects, engineers, and contractors to contact **Barbara Collins, ERHA West**, the Division Consultant, if you have any questions. She can be reached at bcollins@erhwest.com.

12.1.6 Energy Efficiency Requirements – (New Construction)

- 1) Pre-Construction Energy Analysis. All projects must undergo pre-construction energy analysis. The pre-construction energy analysis will be completed using **Appendix C-1** building plans and specifications.
- 2) To complete the pre-construction energy analysis the Applicant/Co-Applicants must contact the Division to request/schedule the required energy analysis. The Division will contract with a qualified energy analysis company to perform a pre-construction energy analysis of the proposed project. The cost of the pre-construction energy audit will be **\$1,000** payable with the submission of the energy analysis worksheet. The costs of the Interim and final energy analysis will be **\$250** per unit with a minimum 15% of the project being subject to the energy analysis and includes per diem charges of the testing contractor. Travel expenses are in addition to these fees. The costs of the pre-construction and post energy analysis fees will be paid separately with the application fees Listed in Section 21, Fees.

The output from the pre-construction energy analysis must include Energy Requirements Summary Report that lists the Division’s energy requirements and how they will be met in the project. Installation of the required energy saving measures is the responsibility of the Applicant/Co-Applicant and will be monitored by the Division.

- 3) Energy Analysis and Inspections during Project Construction. The Division will perform energy analysis and inspections of a selected sample of residential units during project construction. Sample testing may vary based upon testing analysis.

The Applicant/Co-Applicant or Project Sponsor, as applicable, is required to provide the Division with reasonable access to perform interim energy analysis. The energy analysis and inspections will be performed: (1) after ceiling, wall, air-sealing and insulation is installed and prior to installing drywall and, (2) after building duct systems are installed and prior to enclosing the duct work. The Division will conduct energy analysis and inspection within 10 days of receiving notice from the Applicant/Co-Applicant or Project Sponsor of the project readiness. The energy analysis and inspections performed by the Division or designee may include (individual testing requirements may vary by project):

- a. Physical inspection of ceiling, wall and floor insulations.
- b. Duct-Blaster tests to measure air leakage of duct systems.

- 4) Final Energy Analysis and Inspections. The Division will perform a final energy analysis of the project at the completion of project construction to determine whether or not the project achieves the energy efficiency standard and requirements specified in this section. A final energy analysis will be performed in proximity to project completion.

The final energy analysis and inspections performed by the Division will include:

- a. Energy analysis to determine the overall energy efficiency of the project and inspections of ceiling, wall and floor insulations;
- b. HVAC leakage (if applicable) and building envelope tests to determine air leakage within residential

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units; and

c. Physical inspection of buildings and units to determine whether the energy efficiency measures identified in the pre-construction energy analysis have been installed.

- 5) **Remediation.** In cases where the Division's post-construction energy analysis determines that the energy efficiency is less than the required energy efficiency standard prescribed in this section, the Project Sponsor will be provided an opportunity to make improvements and enhancements to achieve the energy efficiency standard. The improvements or enhancements shall be made within 90 days of receiving written notice that they are required to meet the energy efficiency standard prescribed in this section, unless the Project Sponsor has received a time extension in writing from the Division. The Project Sponsor will be required to pay any additional costs associated with the additional consultant time, travel and/or testing that is necessary.

12.1.7 Energy Efficiency Requirements – Acquisition/Rehabilitation

- 1) **Energy Efficiency Standard.** The project must have an overall energy efficiency level that is equivalent to the 2018 International Energy Conservation Code as determined by approved software used for the analysis must calculate heating, cooling, domestic hot water, lighting and appliance loads, consumption, and costs based on a description of the home's design and construction features as well as local climate and energy cost data. When equipment or components are replaced during an acquisition / rehabilitation they should meet the Section 12, New Construction specifications for the item being replaced unless the energy analysis demonstrates it would not be cost-effective to do so.
- 2) **Ventilation.** The project must meet the ASHRAE Standard 62.2 Ventilation for Acceptable Indoor Air Quality.
- 3) **Duct Leakage:** Leakage to outside conditioned space of complete HVAC system 10 CFM or less/100 square feet of living space.
- 4) **Pre-Rehabilitation Energy Analysis and Energy Audit.** All projects must undergo a pre-rehabilitation energy analysis and energy audit. The pre-rehabilitation energy analysis will verify that planned improvements will meet Division requirements. The information required to complete the pre-rehabilitation energy analysis is in Appendix C-2, Acquisition Rehabilitation Required Energy Analysis Form.

The pre-construction energy analysis and energy audit must be completed immediately, upon notification of Tax Credit reservation. The pre-construction energy analysis and energy audit will give consideration to recent (less than five years old), appliance and mechanical systems installations.

To complete the pre-construction energy analysis and energy audit, the Project Sponsor must contact the Division to request/schedule them. The Division will contract with a qualified residential energy analysis company to perform a pre-construction energy analysis of the proposed project and an energy audit of the existing dwellings. The cost of the pre-construction energy audit will be **\$250.00** per unit with a minimum of one of each unique unit type in the project being subject to the energy audit. The cost of the energy analysis is **\$1,000.00**, payable with the submission of the Appendix C-2 Acquisition Rehabilitation Required Energy Analysis Form.

In addition, a minimum of 10% of the project will be inspected during the rehabilitation work and 15% of the project will be inspected and tested post-construction. The costs of the site visits and inspections will be **\$250.00** each. Travel expenses are in addition to these fees. The costs of the inspections, site visits and energy analysis fees will be paid separately (Listed in Section 21, Fees).

The output from the pre-construction energy analysis *must* include the Division's Summary of Recommendations for achieving the required efficiency level. *Installation of the energy saving measures listed in the initial assessment report is mandatory for rehabilitation projects.* A copy of the Division's Summary of Recommendations with the recommended measures *must* be provided to the Division. Installation of the energy saving measures is the responsibility of the Applicant/Co-Applicants and will be monitored by the Division.

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5) Interim Energy Analysis and Inspection during Project Rehabilitation. The Division will perform interim

energy analysis and inspections of a selected sample of residential units during project construction. Sample testing will not be less than 15% of proposed units and will include samples of unit types (i.e., number of bedrooms) and individual buildings in the proposed project.

The Applicant/Co-Applicant or Project Sponsor, as applicable, is required to provide the Division with reasonable access to perform interim energy analysis and inspections. The interim energy analysis and inspections will be performed: (1) after ceiling and wall insulation is installed and prior to installing drywall and, (2) after building duct systems are installed and prior to enclosing the duct work. If the proposed project consists of the rehabilitation of existing single-family homes, with existing drywall and duct work which will not be removed during rehabilitation, when the interim energy analysis and inspections will be performed will be determined by the Division on a case by case basis. *The Division will conduct energy analysis and inspection within 10 days of receiving notice from the Applicant/Co-Applicant or Project Sponsor of the project readiness.*

The interim energy analysis and inspections performed by the Division or designate may include (individual testing requirements may vary by project):

- a. Physical inspection of ceiling, wall and floor insulations.
 - b. Duct-Blaster tests to measure air leakage of duct systems.
- 6) Final Energy Analysis and Inspections. The Division will perform a final energy analysis of the project at the completion of project construction to determine whether or not the project achieves the energy efficiency standard and requirements specified in this section. A final energy analysis will be performed prior to project completion.

The final energy analysis and inspections performed by the Division will include:

- a. Energy analysis to determine the overall energy efficiency of the project and installation inspections of ceiling, wall and floor insulation;
 - b. HVAC leakage (if applicable) and building envelope tests to determine air leakage within residential units; and
 - c. Physical inspection of buildings and units to determine whether the energy efficiency measures identified in the pre-construction energy analysis have been installed.
- 7) Remediation. In cases where the Division's post-construction energy analysis determines that the energy efficiency is less than the required energy efficiency standard prescribed in this section, the Project Sponsor will be provided an opportunity to make improvements and enhancements to achieve the energy efficiency standard. The improvements or enhancements shall be made within 90 days of receiving written notice that they are required to meet the energy efficiency standard prescribed in this section, unless the Project Sponsor has received a time extension in writing from the Division. The Project Sponsor will be required to pay any additional costs associated with the additional consultant time, travel and/or testing that is necessary.

APPLICATION SCORING

SECTION 13 PRE-SCORING THRESHOLD REQUIREMENTS

All applications must meet all of the following "Threshold Requirements" set forth in this Section 13. Applications which do not meet the Threshold Requirements are ineligible for scoring and will be rejected. Applications which meet the Threshold Requirements will then proceed to be scored.

13.1 Market Study

The Code requires that a Market Study be prepared and submitted with all applications for an allocation of Tax Credits. The Division requires that the study be prepared by a qualified analyst, approved by the Division, who is completely unaffiliated with the Applicant/Co-Applicants and all Project Participants. The qualified analyst must also have no financial interest in the proposed project. Two main objectives of the Market Study are to demonstrate that sufficient demand exists for the proposed project in the market area and that the proposed project will not cause undue economic harm on the existing rental stock in the market area.

Tax Credit applications may be deemed ineligible if: (1) the assessment determines that comparable affordable housing projects have occupancy levels less than 90%;(2) the proposed housing project would have a significant adverse financial effect on other publicly funded projects without offsetting public benefits; or (3) the rents for the affordable housing project are equal to or greater than comparable market-rate housing.

The submitted application must match the Market Study regarding income, targeting, unit mix, unit sizes and rents. In other matters, if the application does not conform to any Market Study conclusions, the application must provide an acceptable defense for any deviations. Appendix B, Market Study Guide provides more detail regarding Market Study content and analyst qualifications.

The principal analyst, or the analyst's designated staff or associate or principal, must confirm they have physically visited the project site and surrounding conditions of the neighborhood within the prior two (2) years of the submittal of this project application.

13.2 Project Compliance and Affordability Period

The minimum compliance and affordability period for Tax Credit projects is 30-years. An Applicant/Co-Applicant has the option of extending this period in increments of 5-years up to a maximum of 50 years. An exception is for Tenant Ownership projects, for which the initial compliance/affordability period is 15 years and then remains in effect as an affordable rental unit until the unit is sold. The Division will not agree to stipulations or subordination agreements to reduce LIHTC affordability periods. All applicants for 4% and 9% tax credits are required to sign a waiver forgoing the Qualified Contract process.

13.2.1 Mandatory Fair Housing, Accessibility and General Use Requirements

All projects *must* comply with federal fair housing laws, regulations and design requirements for handicapped accessibility including standards specified by the American with Disabilities Act (ADA) and Section 504 where applicable. The Applicant/Co-Applicant or Project Sponsor, as applicable, is responsible for ensuring that the completed project meets all federal fair housing law, regulations and design requirements. Additionally, the General Public Use Requirement Treasury Regulation 1.42-9 must be met to be eligible for Tax Credits. An IRS Private Letter Ruling may be required by the Division for projects that target a specific segment of the population to ensure compliance with the General Use Requirement. By submitting the application, Applicant/Co-Applicants agrees to comply with all of fair housing, accessibility and general use requirements under applicable law. Failure to do so will result in a revocation of the Carryover Tax Credit allocation.

13.2.2 Recommended Fair Housing Accessibility Training

Compliance with Fair Housing Act accessibility standards is critical. Failure to comply can result in Justice Department penalties plus settlements requiring substantial retrofits of apartments. The Division, therefore, strongly recommends Fair Housing Accessibility training for Project Sponsors in Nevada to help ensure design, engineering and build out compliance with federal accessibility requirements. The Division strongly recommends that appropriate representatives of the project development team attend the training provided on accessible design standards. Appropriate representatives include persons integrally involved in the design and construction of the project (e.g., architects, engineers, and contractors). A statement that a professional seminar was attended or CPE credits were attained should be a part of the application. Training is offered by HUD and other sources.

13.3 Project Income/Rent Restrictions

Applicant must select one of the following elections:

- 1) A minimum of 40% of the units will be occupied by households with incomes at or below 60% Area Median Income (AMI). In 100% Tax Credit projects, all units must be rent and income restricted to 60% AMI or lower.
- 2) A minimum of 20% of the units will be occupied by households with incomes at or below 50% AMI. In 100% Tax Credit projects, all units must be rent and income restricted to 50% of AMI or lower.

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13.4 The Gross Rent Floor

The Gross Rent Floor is the lowest rent the Applicant will be required to charge to lease the units. The effective date for determining this floor will automatically default to the date of the Carryover Allocation of Tax Credits to a project unless the Applicant/Co-Applicant select to change the Gross Rent Floor effective date to the building placed in service. The Applicant/Co-Applicants must submit a signed statement to the Division with this requesting the change of the Gross Floor Rent effective date before the date of the Carryover Allocation. Once the election is made, it is final and irreversible.

13.5 Project Reserves for Replacement Requirements

The project must maintain minimum annual replacement reserves unless modified in writing by the Nevada Housing Division as follows, with the potential that USDA project reserve requirements may be different:

- 1) For all housing developments, whether new construction or Acquisition/Rehabilitation, that exclusively serves a Senior population: \$250 per unit.
- 2) For all other new construction projects: \$300 per unit.
- 3) For all other Acquisition/Rehabilitation projects: \$325 per unit.

For application purposes, annual replacement reserves that exceed the above-referenced minimums by more than 20% may be considered excessive and the Division may require additional documentation that supports the higher annual replacement reserve. The Division reserves the right to limit excessive minimum reserves in applications.

For the term of the LURA, including the extended use period, the project’s replacement reserves may not be removed or transferred from the project’s reserve account to a departing limited partner, general partner, or any other entity associated with the project. The project’s replacement reserves must remain in the project reserve account and be used exclusively for their intended purpose as detailed in Section 13.5.1.

13.5.1 Items Supported by Project Replacement Reserves

While this list is not all inclusive it is provided as a guideline to developers and property management companies maintaining project properties.

Roofs	Landscaping	Parking Areas	Driveways/Carports	
Garages	Fences	Sidewalks	Light Fixtures	
<u>Exterior Building</u>				
Stucco	Painting	Shingles	Wood	Bricks
<u>Interior Building</u>				
Carpets	Painting	Security System	Walls	Smoke Detectors
Stairs	Plumbing	Mechanical	Boilers	Water Heaters
Elevators				
<u>Amenities</u>				
Pool	Spa	Rec Room	Laundry Room	
<u>Interior Unit</u>				
Carpets	Window Treatments	Cabinets	Range/Hood	Refrigerators
Dishwashers	Air Conditioners	Smoke Detectors	Counter Tops	Bath Vanities
Bathtubs	Washer & Dryers	Garbage Disposals	Vinyl	Light Fixtures
Electric Systems				

13.6 Financial Feasibility Requirements

The Code limits Tax Credit allocations to the amount necessary for the project to be financially feasible and

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induce long-term viability. To make this determination, the Division completes financial feasibility evaluations three times before Tax Credits are issued.

The first financial feasibility evaluation is performed at the time of application. As stated herein above, if after performing the first financial feasibility evaluation, the Division determines that the proposed project is not financially feasible; the application will be ineligible for scoring and will be rejected.

If the project receives a reservation of Tax Credits, then prior to issuing the Carryover Allocation of Tax Credits, the Division will perform the second financial feasibility evaluation. If the project fails the second financial feasibility evaluation it will not receive a Carryover Allocation of Tax Credits.

The Division performs the third and final required financial feasibility evaluation when the building is placed in service and the Division has the final cost certification. The amount of Tax Credits provided to a project in the Final Allocation of tax credits may be adjusted based upon the results of the third and final financial feasibility evaluation.

Set forth below is a list of factors which the Division considers when performing the financial feasibility evaluations. The list of factors is not all-inclusive, and other factors may also be considered.

- The cost of the project
- The reasonableness of construction costs
- The cost per unit of the project
- The projected income, expenses and cash flow, for the compliance and extended compliance period
- The reasonableness of the projections of income and expenses and the assumptions upon which those projections are based
- The fees for Project Participants
- The sources and uses of money for the project
- The plan for financing the project
- The projected proceeds from the sale of the Tax Credits
- The percentage of the housing credits used for the cost of the project
- The demonstrated stability of the Applicant/Co-Applicants [first and second financial feasibility evaluations] or Project Sponsor [third financial feasibility evaluation], including an analysis of the Financial Statement of the Applicant/Co-Applicants or Project Sponsor, as applicable.

The Division has also adopted financial standards to analyze the financial pro forma included in each application. The current standards are set forth below. The Division may adopt new or modify existing standards at any time.

- 1) Recommended minimum debt service coverage ratio of 1.15 on primary debt service (excluding soft debt service).
(Except for USDA finance projects and subject to Division approval);
- 2) 2% limitation on projected increase to project income and 3% limitation on project operating expenses;
- 3) 7% limitation on unit vacancy assumption;
- 4) Operating ratio shall be reasonable and subject to Division approval;
- 5) Replacement Reserves of \$250 for all new construction and acquisition/rehabilitation ~~Senior~~-Housing, that exclusively serves a senior population, \$300 per unit for other new construction projects, and \$325 per unit for other acquisition/rehabilitation projects;
- 6) 15% limitation on Developer Fees⁵ of the eligible basis not including boost;
- 7) The Developer Fee on the acquisition portion of the project is limited to a maximum of 15% of the acquisition eligible basis. The Developer Fee associated with the acquisition's eligible fee must clearly identify the costs and uses statement in the 4% column;

⁵ For 4% Tax Credit Bond Projects refer to Section 25 for developer fee limits.

- 8) No more than 60% of the Developer Fee may be deferred and the Developer Fee, if paid from cash flow, must be paid in full by year 15;
- 9) 14% limitation on builder's/contractor's profit, overhead and general requirements;
- 10) In instances where the builder/contractor and Applicant/Co-Applicants have an Identity of Interest, then at the Applicant's expense, the Division may utilize an Estimating Consultant to examine the proposed project budget for cost reasonableness and deliver a breakdown of the costs per unit to the Division. In lieu of this requirement, Applicant may submit a generally accepted or standard type of industry report, with sufficient detail, showing that proposed costs are no higher than or are consistent for the project type, where there is no identify of interest. Based upon this review, the Division reserves the right to limit the amount of builder's/contractor's profit, overhead and general requirements or require the use of an alternate builder;
- 11) Projects underwritten using the 40% PV rate in effect for the month within which the application is due (i.e., May 2016); and
- 12) Projects underwritten using the Tax Credit equity rate in the Letter of Intent ("LOI"). The amount of Tax Credits provided to a project may be adjusted based upon final locked-in Tax Credit equity pricing. A letter from the Equity Investor indicating final pricing must be provided to the Division staff by the 270-day test deadline.
- 13) Supporting documentation must include confirmation letters from funding sources for the application showing their commitment to fund. The funding confirmation letters must include contact information of the funding organization. The Division reserves the right to independently confirm these funding sources.

13.7 Authorization and Due Formation

The Applicant/Co-Applicants must include evidence that Applicant/Co-Applicants are duly formed legal entities authorized to transact business in the State of Nevada and in good standing with the Office of the Secretary of the State of Nevada. Requirements for certain entity types are set forth below. Information of any outstanding litigation filed against this entity or the principals are also required. If the Applicant/Co-Applicant entity type does not fit within one of the categories below, then entity documents and certificates of an equivalent nature must be submitted.

- 1) Corporations (for profit).
 - a. Copies of the Articles of Incorporation and Bylaws.
 - b. If the Applicant, or any Co-Applicant, was incorporated in Nevada, provide a certificate of good standing issued by the Nevada Secretary of State confirming the legal existence of the entity as of the date of the certificate ("Certificate of Good Standing") and dated not earlier than 30 days prior to the Submission Date.
 - c. Applicant/Co-Applicants incorporated in another state and doing business in Nevada must submit a certificate of good standing or its equivalent from the state of incorporation confirming the legal existence of the entity dated not earlier than 30 days prior to the date the Submission Date and a certificate of good standing to transact business in Nevada ("Certificate of Authority") for such foreign corporation, issued by the Nevada Secretary of State and dated not earlier than 30 days prior to the Submission Date.
- 2) Limited Partnerships, Limited Liability Partnerships, and Limited Liability Limited Partnerships (collectively "Limited Partnerships").
 - a. Copies of the partnership agreement and any amendments.
 - b. If the Applicant, or any Co-Applicant, is a Limited Partnership organized under the laws of Nevada, provide a certificate of existence issued by the Nevada Secretary of State confirming the legal existence of the entity ("Limited Partnership Certificate of Existence") and dated not earlier than 30 days prior to the Submission Date.
 - c. If the Applicant, or any Co-Applicant, was organized under the laws of another state and doing business in Nevada, the following must be provided: (i) a Limited Partnership certificate of

existence or its equivalent from the state of organization confirming the legal existence of the entity, dated not earlier than 30 days prior to the Submission Date; and (ii) a Certificate of Authority to transact business in Nevada for such foreign limited partnership from the Nevada Secretary of State dated not earlier than 30 days prior to the Submission Date .

3) Limited Liability Companies.

- a. Copies of the Articles of Organization and Operating Agreement.
- b. If the Applicant, or any Co-Applicant, is organized under the laws of Nevada, provide a Certificate of Good Standing issued by the Nevada Secretary of State confirming the legal existence of the entity dated not earlier than 30 days prior to the Submission Date.
- c. If the Applicant, or any Co-Applicant, is organized under the laws of another state and doing business in Nevada the following must be submitted:
 - (i) a certificate of existence or its equivalent from the state of organization confirming the legal existence of the entity dated not earlier than 30 days prior to the Submission Date; and
 - (ii) a Certificate of Authority issued by the Nevada Secretary of State for such foreign limited liability company dated not earlier than 30 days prior to the Submission Date.

4) Non-Profit Organizations.

- a. Provide IRS documentation of I.R.C. § 501(c) (3) or I.R.C. § 501(c) (4) status.
- b. Provide a copy of the Non-Profit Organization’s Articles of Incorporation and Bylaws, and all relative amendments, one of which must contain a description of the Non-Profit Organization and its activities that include the fostering of low-income housing in its Articles of Incorporation or Bylaws, as may be amended.
- c. Provide the names of board members of the Non-profit Organization.
- d. If the Applicant, or any Co-Applicant, was incorporated in Nevada, provide a Certificate of Good Standing issued by the Nevada Secretary of State confirming the legal existence of the entity as of the date of the certificate dated not earlier than 30 days prior to the Submission Date.
- e. Applicant/Co-Applicants incorporated in another state and doing business in Nevada must submit a certificate of good standing or its equivalent from the state of incorporation confirming the legal existence of the entity dated not earlier than 30 days prior to the Submission Date and a Certificate of Authority to transact business in Nevada for such foreign corporation, issued by the Nevada Secretary of State and dated not earlier than 30 days prior to the Submission Date.

Copies of all entity documents and certificates submitted to the Division must be file stamped and/or completely executed, as applicable.

Applicants and Co-Applicants must also submit a statement with the application identifying all Persons with ownership interests in the Applicant, or each of the Co-Applicants, as well as all Persons involved in the management of the Applicant or each of the Co-Applicants.

13.8 Project Site Control Documents

Site Control for all of the land needed for the proposed project must be evidenced by:

- 1) A fully executed and legally enforceable purchase contract (a “PSC”) or option to purchase (an “Option”) for each portion of the real property where the proposed project will be located that identifies the seller and buyer, the amount to be paid, the expiration date of the contract or option, and a statement from the seller and buyer describing any prior interest in the land or business dealings between seller and buyer; or

A written, legally enforceable governmental commitment to transfer the real property by sale for the proposed project to the Applicant/Co-Applicants (a “Government Commitment”);

2) or

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3) A recorded deed evidencing the transfer of the real property necessary for the proposed project to the

Applicant/Co-Applicants along with a copy of the owner's policy of title insurance insuring the ownership of the real property by the Applicant/Co-Applicants.

If a PSC, Option or Government Commitment ("Commitment") is submitted, the Commitment must provide for an initial term lasting at least until December ~~31st~~^{31st+} of the year in which the reservation of Tax Credits is made ("Initial Term"). This Initial Term must not be conditioned upon any extensions requiring seller consent, additional payments, financing approval, Tax Credit award or other such requirements. Additionally, the Commitment must not require any additional actions on behalf of the Applicant/Co-Applicants during the Initial Term which could allow the seller, option holder, or governmental agency to terminate the Transfer Commitment if the action is not fulfilled by the Applicant/Co-Applicants. If the Commitment requires an escrow payment due after signing, evidence that payment was received must be included in the application.

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Site control evidence and the application materials must show exactly the same names, legal description and acquisition costs. All signatures, exhibits, and amendments should be included to be considered complete. However, applicants utilizing land from the Bureau of Land Management, such as via the Southern Nevada Public Lands Management Act (SNPLMA), may satisfy this requirement by submitting documents evidencing substantially similar or equivalent site control based upon the SNPLMA process, subject to approval of the Administrator.

13.9 Zoning and Phase 1 Environmental Study for Project

Applicants/Co-Applicants must also provide documentation establishing that the project as proposed and preliminarily designed is on land appropriately zoned for the intended project and that discretionary permits are not necessary from a local government body (i.e., that the project upon design, only requires an administrative review for building permit issuance).

All Applicants or Co-Applicants must submit a completed and current (no more than two years old as of the application deadline date; then updated if an allocation is received) Phase I Environmental Study for all portions of the real property on which the proposed project is to be located.

Based on the findings and recommendations of the Phase I, a Phase II may be required. In addition, the Division or the project environmental consultant, may require submittal of a hazardous material report that provides the results of testing for asbestos containing materials, lead based paint, Polychlorinated Biphenyls (PCBs), underground storage tanks, petroleum bulk storage tanks, Chlorofluorocarbons (CFCs) and other hazardous materials. Professionals licensed to do hazardous materials testing must perform the testing. A report by an architect, building contractor, or Applicant/Co-Applicants will not suffice. A plan and projected costs for removal of hazardous materials must also be included.

13.10 Experience, Compliance, and Financial Background

13.10.1 ~~Low-Income~~Low-Income Housing Experience

Applicants/Co-Applicants must demonstrate sufficient prior experience with the development and management of ~~low-income~~Low-Income housing projects and that they possess the financial capacity necessary to undertake and complete the proposed project.⁶Applicant/Co-Applicants must also demonstrate to the Division that they have successfully developed projects of comparable size and financial complexity.

To make this demonstration the Division requires an Applicant/Co-Applicant to submit the following with the Tax Credit application:

- a. ~~Low-Income~~Low-Income Housing Experience: The Applicant/Co-Applicants must submit an Exhibit with the application providing a description of at least three prior low-income housing projects which the Applicant/Co-Applicants developed and operated. The information in the addendum must include, at a minimum:
 - i. the name of the project and its location;

⁶A ~~low-income~~Low-Income housing project is defined as a project with restricted rents serving households whose gross income does not exceed 80% AMI subject to a minimum period of affordability.

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- ii. the date the allocation of Tax Credits, or funds or financing to promote ~~low-income~~Low-Income housing, was received;
- iii. for prior low-income housing projects located outside the State of Nevada, the identification of the allocating or administering authority and the contact person at the allocating or administering authority;
- iv. the placed in-service date;
- v. the period of time from commencement of lease-up to stabilized occupancy;
- vi. current occupancy levels; and
- vii. the permanent financing sources.

b. Additional Requirement for Special Needs Projects: Applicants/Co-Applicants submitting an application proposing a Special Needs projects must demonstrate a minimum of three years of experience providing a service or assistance to persons with special needs. The information included in the application package must demonstrate the minimum of three years of experience and provide a summary of the supportive services provided to residents.

13.10.2 Compliance History

All Applicants/Co-Applicants must provide an addendum to the application which identifies for each past ~~low-income~~Low-Income housing Tax Credit project or ~~low-income~~Low-Income housing project funded or financed with funds to promote ~~low-income~~Low-Income housing, which the Applicant/Co-Applicants developed and/or operated, or received or shared rights to control, sell or exchange a tax credit award or other federal or state awards for and which the Applicant is still is a legal party to, which:

- a) States that the project is and always has been in compliance; or
- b) Describes compliance violations within the past three years which were not cured within the applicable cure period and/or outstanding compliance violations cited during project monitoring reviews by federal, state or local funding/allocating agencies.

The Applicant/Co-Applicant gives the Division permission to contact other State Housing Finance Agencies or local jurisdictions where the Applicant/Co-Applicant has completed LIHTC projects, or projects funded or financed with funds to promote ~~low-income~~Low-Income housing, to discuss compliance history.

Outstanding uncorrected IRS form 8823⁷ or compliance violations issued by the Nevada Housing Division or other substantially similar 8823 level federal, state or local funding/allocating agencies for other low-income housing projects, or projects funded or financed with funds to promote ~~low-income~~Low-Income housing in which all required or authorized cure periods have expired by the date of application may result in the rejection of the application.

Alternatively, if the Division determines that the outstanding compliance violations are not material and if the Applicant/Co-Applicant has cured the violations or proceeds to cure such violations within 10 business days of notice from the Division of the violation, instead of rejecting the application, the Division may make a reduction of five points in the point total for each application submitted for all rounds for the year, should the application satisfy the remainder of the Threshold Requirements.

Material violations may be regular, continuous or substantial. They may be large, unusual and questionable items. They may be individually or collectively material. For more information, see “factors to consider when determining the materiality of items” in the Form 8823 Guide under the heading “Determining the Scope of the State Agency’s Inspection/Review”

⁷ Negative Findings refer to cases in which the project is in material non-compliance and the responsible public

13.10.3 Financial Capacity

The Division requires evidence of the financial capacity and solvency of the Applicant and Co-Applicants in the form of Financial Statements of the owners for the past two years. These must be submitted with the application. Applicant(s) must be current on any debt or fees owed to the Division.

13.10.4 Background

All Applicants/Co-Applicants must also submit a disclosure (“Background Disclosure”) to the Division with the application for all persons who have an ownership interest in the Applicant/Co-Applicants bearing the notarized signature of each containing the following information:

- Identifying all bankruptcies within the seven years prior to the Submission Date with the jurisdiction and case number. All bankruptcies, in which the person has been involved as an owner of a debtor entity, or personally as debtor, must be listed, along with a statement of the status of the case. If there are none, then this must be stated.
- Identifying all projects with which the person has been involved for which a Notice of Default was received related to the project, specifically identifying the project, person who issued the notice and outcome. If none, this must be stated.
- Identifying all projects with which the person has been involved or which were lost to foreclosure or surrendered pursuant to a deed in lieu, specifically identifying the project, all involved parties and the outcome. If none, this must be stated.
- Identifying all notices of violation or disciplinary action by any regulatory body, licensing entity, ethics commission, disciplinary board or similar entity in the 7 years prior to the Submission Date with a description of the status or outcome. Alternatively, please state none. This includes any Fair Housing Act, accessibility, or discrimination violations.
- Identifying if the person has been convicted, is currently under indictment or complaint, has been found liable or is currently accused of fraud or misrepresentation in Nevada or any other state, relating to: a) the issuance of securities, b) the development, construction, operation, or management of any Tax Credit or other government subsidized housing program, c) the conduct of the business of the applicable party, in any criminal, civil, administrative or other proceeding, or d) any filing with the Internal Revenue Service in any state. If none, this must be stated.

The Division may request additional information from the Applicant/Co-Applicant regarding any or all of the items listed on the Background Disclosure. The Division may, in its sole discretion, reject any application for Tax Credits based on the information in the Background Disclosure.

a. Procedure for Preliminary Review of Background Disclosure.

(i) Applicants/Co-Applicants may request an initial review of their Background Disclosure by submitting a written request to the Division with the completed initial Background Disclosure prior to the Application Deadline. The Division may request additional information from the Applicant/Co-Applicant regarding any or all of the items listed on the initial Background Disclosure. The Division may give a preliminary approval of the Background Disclosure (the “Conditional Background Approval”) or may advise the Applicant/Co-Applicant that based on the information in the Background Disclosure; the application would be rejected if submitted. This determination is in the Division’s sole discretion.

(ii) Applicants/Co-Applicants who receive a Conditional Background Approval must submit a Background Disclosure with the application. The Division may request additional information regarding any or all of the items listed on the updated Background Disclosure submitted with the application. New or changed information in the updated Background Disclosure; changes in circumstances reflected in the updated Background Disclosure; or variances and/or discrepancies between the information in the conditionally approved initial Background Disclosure and the updated Background Disclosure submitted with the application may result in rejection of the application, in the Division’s sole discretion.

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Applicants/Co-Applicants are further advised and notified that a Conditional Background Approval does not guaranty that the updated Background Disclosure submitted with the application will be acceptable to the Division.

13.11 Experience/Qualifications of Project Participants

All Applicants/Co-Applicants must demonstrate that the Project Participants selected by the Applicant/Co-Applicant possess the experience and financial capacity necessary to undertake and complete the proposed project and that each Project Participant has been involved with the development and operation of ~~low-income~~Low-Income housing projects of similar size and financial complexity.

To make this demonstration, all Applicant/Co-Applicants must provide the following.

- 1) An organizational chart that describes the relationships, whether through ownership, contract or control, between the Project Participants.
- 2) Provide a narrative describing the experience of the Project Participants as it relates to the development of the proposed project.
- 3) Resumes of the principals and other supervisory employees of each Project Participant as well as resumes for the company or organization.
- 4) Evidence of financial capacity and solvency in the form of Financial Statements of the Project Participants who will be acting as the General Contractor and Property Management Company for the proposed project for the prior two full calendar years.
- 5) Provide an explanation of all identities of interest and relationships between the Project Participants and between all Project Participants and the Applicant/Co-Applicants.

13.12 Project Security and Management

13.12.1 Security Options

All Tax Credit projects must provide appropriate security systems and improvements to reasonably safeguard the safety of residents.⁸ For the purposes of this section, security systems must include no less than three of the following and be documented in the application.

- Project fencing
- Security doors
- Screens and gates
- Gated project access control systems using keypads and magnetic cards
- Self-locking door mechanisms
- Project/unit camera surveillance with on-site closed-circuit monitor
- Emergency lighting
- Burglar alarms
- Other similar protective measures

The Division is aware that the type of security systems appropriate for a project will depend upon various — factors including housing type, project design and location. Other than particular security measures mandated in the section, Applicant/Co-Applicant must determine what security systems and improvements are appropriate — for a project. Applicants/Co-Applicants with proposed projects which are acquisition/rehabilitations of scattered site single family homes are not required to provide gated project access control systems, project/unit camera surveillance with on-site closed-circuit monitoring.

⁸ Security requirements *do not* apply to tenant ownership projects.

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13.12.2 Mandatory Security and Safety Measures.⁹

Applicants/Co-Applicants must provide the following Security Systems:

- a. Except as otherwise provided in this paragraph, for **all** housing projects, closed-circuit monitoring systems must be installed per manufacturer's instructions and be operational at all times.

For acquisition/rehabilitation projects and/or single-story projects fewer than 40 units that serve seniors, the Applicant/Co-Applicant may request that alternative security systems and measures be installed in lieu of closed circuit monitoring systems. The Division will evaluate these requests on a case-by-case basis and its determination of whether or not to grant such a request is in its sole discretion.

- b. For projects over 40 units, fire detection and suppression sprinkler systems are required in each unit.

A suppression sprinkler system is not required for an acquisition/rehabilitation projects or single-story projects fewer than 40 units unless required by local code.

13.12.3 Security Reporting

The Division requires Applicants to provide information on security-related issues. The requested information may include building evacuation procedures, documentation of building break-ins, vandalism and public safety concerns, police reports, and project plans for addressing security issues. By submitting the application, Applicant/Co-Applicant agrees to promptly respond to such requests and to compile and provide the information requested.

13.12.4 Management

The Project Sponsor is responsible to the Division for ensuring that the LIHTC program is properly administered. Project Sponsors are responsible for being aware of all applicable federal and state rules and regulations that govern their projects. The Project Sponsor must ensure that property managers comply with all appropriate statutes, rules, regulations, and policies that govern the property.

It is the responsibility of the Project Sponsor to inform the Division of any major changes that are made to the property throughout all phases of construction, lease, and operation as well as the placed in-service date. The Division's *Low-Income Housing Tax Credit Compliance Policies and Procedures Manual* provides guidance for complying with the IRS regulations Code regulations, as well as other applicable law.

The Division requires that one management company representative and one on-site manager directly involved in the management of the project attend at least one of the Annual Compliance training sessions provided by the Division. The purpose of the training compliance session is to provide instructions for the following compliance issues:

- Federal laws determining eligibility for ~~low income~~Low-Income tenants
- Division rules and regulations determining eligibility for ~~low income~~Low-Income tenants
- Specific information necessary for continued LIHTC program compliance
- Income Limits
- Rent Limits
- Income Verifications
- Annual Income and Assets
- Annual Income Certifications
- Annual/Quarterly Status Reports

The Division reserves the right to deny participation and or request a change in a management company to a project if that company is currently under review for compliance related and/or is debarred by the Administrator. The terms of this subsection are the minimum requirements for any project awarded Tax Credits.

⁹This does not apply to eventual tenant ownership projects.

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13.13 Agreement to Participate in the Division Data Surveys and Reports

Any Applicant/Co-Applicant that receives 4% or 9% LIHTC financing, regardless of amount, must participate in all data and other surveys sponsored by the Division including, but not limited to, the Apartment Facts Survey produced by the Division for the life of the affordability period and the Affordable Housing Data Base data collecting requirements.

Applicants/Co-Applicants and Project Sponsors who are recipients of 4% or 9% LIHTC financing must, upon request also submit a report, on a form specified by or acceptable to the Division, detailing efforts made to outreach to small businesses within Nevada for contractor, subcontractor, or other services. The report should also indicate how the Applicant/Co-Applicants or Project Sponsor, as applicable, provided information on bidding and requests for services to the small business community. Finally, the report should include information on the results of these efforts. The report should be submitted on a quarterly basis with the quarterly performance report.

By submitting the application, Applicant/Co-Applicant agrees to comply with all of the Division's reporting requirements. Failure to report requested data in a timely manner, may result in negative points in subsequent LIHTC scoring rounds or negative references when requested by other state/local housing finance agencies.

13.14 Project Plans

a. Plans must be 11" x 17" and indicate the following:

- i. Street name(s) where site access is made, site acreage, planned parking areas, layout of building(s) on site to scale, any flood plains that will prohibit development on site, retaining walls where needed, and adjacent properties with descriptions.
- ii. Front, rear, and side elevations of all building types (use of 1/8" or 1/16" scale for buildings).
- iii. Site acreage.

b. Site and floor plans must be 11" x 17" and indicate the following:

- i. Location of, and any proposed changes to, existing buildings, roadways, and parking areas.
- ii. Existing topography of site and any proposed changes including retaining walls.
- iii. Landscaping and planting areas (a plant list is not necessary). If existing site timber or natural areas are to remain throughout construction, the area must be marked as such on the site plans.
- iv. Plant material must be appropriate to the native climate and should reflect a high sensitivity towards water conservation while being aesthetically appealing.
- v. Location of site features, such as playground(s), gazebos, walking trails; refuse collection areas, postal facilities, and site entrance signage.
- vi. The location of units, elevators (if any), common areas and other spaces using a minimum scale of 1/16" = 1 inch for each building.
- vii. For projects involving renovation and/or demolition of existing structures, proposed changes to building components and design.

viii. The location of Security Features identified in Section 13.12.1

At all times after the award, the owner is responsible for promptly informing the Division of any changes or alterations which deviate from the final plans and specification approved by the Division. Failure to do so may result in a reduction in a tax credit allocation or in an IRS recapture event based on what was committed to, and for which tax credits were issued. In particular, owners must not take action or any material change in the site layout, floor plan, elevations or amenities without written authorization from the Division. This includes changes required by local governments to receive building permits.

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13.15 Local Jurisdiction Notification

Applicants/Co-Applicants must provide the Division evidence of delivery of and a copy of the letter notifying the chief executive officer or equivalent of the local jurisdiction within which the building is located of the project. Such may be sent to the executive officer or governing body (for example, the Mayor, City Manager, County Manager, city Council, County Commission or the equivalent) of the local jurisdiction. The letter must indicate if the jurisdiction has any comments it is asked to send them to the Applicant and the Division.

Outreach to the community regarding proposals is encouraged. The Division will accept public comments about proposals at any time, and will consider public comments during the review process until indicated deadlines.

13.16 Promoting the Division

All Applicants/Co-Applicants must also execute an agreement to promote the Division's participation in the project during the construction phase (see Exhibit 4 of the Division's Application for Tax Credits).

13.17 Promoting the Property

All Applicants/Co-Applicants agree to promote (among any other promotional efforts) this property on the www.NVHousingSearch.org website beginning when the lease-up process begins. There is no charge for this service.

SECTION 14 PROJECT SCORING

Applications which the Division determines to have satisfactorily satisfied all threshold requirements of Section 13 of this Plan will proceed to be scored.

14.1 Scoring Categories

Each application will be scored based upon the three scoring categories:

1. Project Type Factors

Scoring Factors which apply directly to the project type submitted as outlined in Section 14.2.

2. Standard Scoring Factors

Standard Scoring Factors reflect the Division's housing development priorities. All applications will be independently scored for each of the Standard Scoring Factors in Sections 14.2-14.11.

3. Special Scoring Factors.

These factors, detailed in Section 14.4 reflect additional policy objectives established by the Division to support development of affordable housing projects in Nevada.

The scoring point values will be based upon documentation submitted which is determined by the Division as supporting the Applicant's request for a specific number of points requested in the self-scoring section of the Application. Back-up documentation for scoring factors must be contained in the appropriate scoring section, except as otherwise identified in the QAP for the scoring points for the lowest developer and contractor fees, and justify the level of points requested. If there is not sufficient documentation for each point request the point request will be denied. Back-up documentation for points cannot be submitted after the Application Deadline. Staff may request clarification prior to awarding points.

Applications do not need to include additional copies of the same information in different locations of an application submittal where such information is requested. Where different parts of the application request similar or same information, the Applicant can refer to one exhibit or location to satisfy all such requirements. However, the Division will not be responsible for not awarding points if the information or exhibit referred to is not in the location the application describes it to be in.

If representations made on the application cannot be tested, or cost certified at the time of completion or issuance of the 8609, the Administrator may reduce or withdraw the Tax Credit award/allocation and place the Applicant/Co-Applicants or Project Sponsor on the debarred list.

The Division's Application for Tax Credits contains a self-scoring worksheet that must be submitted with the application. The maximum points for which a project application is eligible is variable dependent upon considerations such as for example, project type or if the applicant is Nevada based.

14.1.1 Maximum Eligible Points

The maximum number of eligible points is 131. Few if any projects will receive the maximum score. In completing the self-scoring worksheet, most applicants will have a near-complete picture of their score at the time the application is submitted. Some points are awarded based upon comparison to other submitted applications and the scoring of these points is done by staff after the application deadline.

After the Division calculates the point totals of each application, projects will be ranked within each set-aside and geographic sub-account. Applicants/Co-Applicants applying for Tax Credits under more than one account will be ranked under each account.

14.2 Project Type Priorities

The project types in this section reflect the Division’s housing priority types for ~~2018~~2019. Applications will be grouped according to project type within each geographic sub-account and compete for the points available for project type. The two highest-scoring projects will be awarded points. The Tie Breakers section (Section 14.5) shall be used to determine project rankings when ties occur.

Note: Rent to Own projects are not eligible for scoring in Section 14.2.

14.2.1 Senior Housing Age 55 and Older

These projects will be ranked based upon the average gross per unit square footage in the project subject to the following requirements. For new construction, studio and one-bedroom units cannot exceed 650 square feet and no other unit, regardless of the number of bedrooms, can exceed 850 square feet. Additionally, at least 10% and no greater than 40% of the total units in the project can be two-bedroom units. Acquisition and rehabilitation projects are not subject to the unit mix and unit square footage limits. However, the average square footage calculation will be capped for all senior projects at 730 square feet as calculated based on indoor conditioned space. The project with the highest average per unit square footage will receive 10 points; the second highest will receive 5 points.

14.2.2 Special Needs Housing Projects

These projects will be ranked based upon the experience of the Applicant/Co-Applicant in developing special needs housing and/or delivering the services related to the special need. The Applicant/Co-Applicant must submit a list of all of the housing units developed in chronological order commencing with the year the first project was placed into service. The Applicant/Co-Applicant must have a minimum of three years’ experience verified by a dated document, such as the articles of incorporation, showing the number of years that the organization has provided the service.

Applications will be ranked on the following factors: (1) the number of months of experience will be weighted by 70%; (2) the number of housing units developed will be weighted by 30%. In the example below, Applicant One possesses 12 years of experience providing services to homeless individuals and has produced 250 units of transitional housing. Applicant Two possesses seven years of experience providing services to developmentally disabled people and has produced 300 units of housing for the developmentally disabled. The scoring is as follows:

APPLICANT ONE	APPLICANT TWO
144 months x .70 = 100.8	84 months x .70 = 58.8
250 units x .30 = 75	300 units x .30 = 90
Total = 175.8	Total = 148.8

The highest score as calculated above will receive 10 points; the second highest score will receive 5 points. Projects electing to compete under Special Needs must submit and score a minimum of 4 points in Section 14.4.3 Supportive Services in order to be considered for this project category.

14.2.3 Projects for Individuals

Projects for individuals must be compliant with the Fair Housing Act and are limited to Studio, 1-Bedroom and 2-Bedroom units. No unit shall exceed 850 sq. ft. Studios and 1 bdrm. units will not exceed 650 sq. ft., and studios are restricted to no more than 50% of the total number of units in the project. Two-bedroom units shall not exceed 850 sq. ft. and must be limited to no more than 10% of the total number of units in the project. The project with the highest residential gross square footage in the project will receive 10 points, the next highest will receive 5 points. Unrestricted units are included in the residential sq. ft. calculation and must conform to the number and size restrictions. Projects will be ranked according to the highest residential gross net square footage of Restricted and Unrestricted units combined and all units must conform to number and size restrictions.

14.2.4 Projects for Individuals with Children/Families

These projects will be ranked based on the highest average residential per unit square footage of Restricted and Unrestricted units combined in the project; to be determined by calculating the total amount of residential square footage in the project; divided by the total number of units. In the event that two or more projects within this project type category have the same square footage, the Division will break the tie pursuant to the Tie Breakers section (Section 14.15). The application with the highest per unit square footage in the project will receive 10 points; the second highest scoring project will receive 5 points.

14.2.5 Mixed Income Projects

1) Mixed Income Projects will be ranked based upon the highest percentage of market-rate units in the project that exceed the minimum requirement of 10%. The square footage and bedroom size of both the market-rate and restricted units *must* be proportional. Targeting smaller units with fewer bedrooms as Tax Credit units will not be allowed. For example, if a 60-unit project with 30 market rate units (50%) is 30,000 square feet and has 90 bedrooms, the amount of square footage and number of bedrooms should be equal to the square footage and number of bedrooms in the market-rate units.

Restricted units may be confined to specific building(s) in the project as long as the square footage and unit mix is proportional to the market-rate units. However, the buildings must be equally placed within the project and have full access to project amenities. The project with the highest percentage of market rate units will receive 10 points; the project with the second highest percentage will receive 5 points.

14.2.6 Mixed Use (or Multi Use) Projects

Mixed Use Projects will be ranked on the highest residential square footage in the project. In the event that two or more projects within this project type category have the same value, the Division will break the tie pursuant to the Tie Breakers section (Section 14.15). The application with the most residential square footage in the project will receive 10 points; the second highest scoring project will receive 5 points.

14.2.7 Housing for Veterans Veterans Preference

All project types with the exception of USDA projects are eligible for Veteran Housing preference points. Projects will be awarded one (1) point for providing a preference of a minimum of 10% of the total number of restricted and unrestricted units targeted for households in which at least one household member is a Veteran. Said preference must be included as part of Applicant's tenant selection plan. *(This commitment is for a preference with an available unit and not for any designated unique unit set-aside.)* This includes consistent and continuous proof of outreach to Veterans and the ability to show the Division which units were given the preference for Veterans (which may include changes in units).

14.3 Standard Scoring Factors

14.3.1 Project Location

Five (5) preference points will be awarded if the project meets any of the following project location criteria:

RATING FACTORS	POINTS
A. Project is located in a CDBG eligible Qualified Census tract AND must be covered by a State or local Concerted Community Revitalization Plan.	5
B. Project is located in a non-CDBG eligible Census Tract	5
MAXIMUM LOCATION POINTS	5

14.3.2 Project Readiness

A maximum of five (5) points will be awarded for achieving the following project development milestones. Documentation must be submitted to verify the completion of each milestone to the satisfaction of the Division:

RATING FACTORS	POINTS
A. Purchased and holds title in fee simple to the project site in the applicant's name.	5
B. For Acquisition/Rehab projects, proof of acquisition of existing project, including land and improvements, with proof of clear title vested in Applicant or Co-Applicants, as applicable.	5
MAXIMUM PROJECT READINESS POINTS	5

14.3.3 Additional and Threshold Project Amenities

A maximum of 24 points will be awarded for the following project and tenant amenities. All shared amenities among development phases or adjacent/nearby project are eligible for equal to ½ the point value listed. Points will not be given for any amenities shown below when the element is required, such as by a project category. Threshold amenities for all projects are listed at the end of this section.

All projects will include infrastructure and hook-up for broad-band internet connection in all units as a threshold requirement.

RATING FACTORS	POINTS
Project Amenities – Development Has:	
A. Picnic area equipped with, for each 100 units, a minimum of three charcoal or gas barbeque units and one 6' picnic table with benches on separate concrete slabs no less than 200 square feet evenly distributed throughout the project (does not apply to Tenant Ownership Projects), no additional points for covers or canopies.	1
B. Swimming or lap pools (does not apply to Tenant Ownership Projects).	3
C. Solar hot water heating for swimming pools.	2
D. A children's pool that purifies and recycles water at a minimum four spray positions. Each position must have individual timer for water spray, a 20 x 20 concrete area with drain, and minimum five-foot high rod iron fence with gate that locks. The 20x20 concrete areas shall have a Cool Deck type of surface. The water must recycle. (Applies to Family Rental and Tenant Ownership projects only).	3
E. 500square feet community room in projects with 39 units or less developed under the project category "Projects for Individuals with Children and Families with Children."	3
F. In-ground spa that is a minimum of eight ft. in diameter with seven jets, booster pump, blower, 20-minutes time and 300,000 Btu heaters.	2
G. Equipped weight/exercise room that is a minimum 200 square feet and has at least three exercise machines (does not apply to Tenant Ownership Projects).	3

H. Computer/study room with full Internet access that is a minimum of 100 square feet and is equipped with at least one computer for every 20 units (computers specification must meet or exceed 1.8 GHz Intel Pentium 4	2
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Processor, 128 MB. DDR SDRAM. 20 GB Hard Drive, 15-in. Monitor, 32 MB Graphics Card, 48X Max CD ROM, Microsoft Windows).	
I. Library and/or reading room supplied with books.	1
J. On-site salon equipped with washer sinks, hair dryers, beauty chair, mirrors, manicure station, supply cabinets, and additional seating.	2
K. Recreation areas worth 1.5 points each: Shuffle Board, Horseshoe Pits, Sand Volleyball Court, Pool Table, Piano, or Dog park which consists of 300 sq. ft. minimum, fenced and equipped with a sitting bench and a shade tree/structure.	3pts Max
L. Business center equipped with a scanner and copier machine reserved for resident use in projects with fewer than 50 units.	2
M. Wellness room equipped with a medical grade exam table and secure medical cabinets to ensure no equipment or medications would be subject to inventory reduction.	2
N. Automatic door openers on doors which are required by the building code to have automatic closers, where providing access to common area rooms intended for use by tenants and their guests, that are on an accessible route. Excluded doors are those of the apartments, rooms intended to be used primarily by property management and maintenance staff, and those for corridors and stairwells where the use of automatic doors is prohibited by the building code. Only one door per room shall be required to have an automatic door opener unless the entrance and exit are part of the building egress route. For the purposes of allocating these points to a project, "common area rooms" are those within the project available for common use by all tenants, or their guests. Must conform to ADA/Section 504/FHAA requirements as applicable.	3
Tenant Unit Amenities – Each Unit Has:	
O. Picnic area equipped with one charcoal or gas unit and 6' picnic table with benches on 64 square feet concrete slab or in patio area (applies to Tenant Ownership Projects only).	1
P. Air conditioning (applicable only outside of Clark County)	3
Q. Hard surface throughout unit (e.g., ceramic tile, quarry tile, roto-vinyl, resilient vinyl composition tile, hardwood flooring or bamboo flooring; etc.)	2
R. Covered patio area on concrete slab with roof that is a minimum of 64 square feet. (applies to Tenant Ownership Projects only) or Patio or balcony area that is a minimum of 48 square feet (applies to all other project types).	2
S. Attached two-car garage (applies to Tenant Ownership Projects only) or Covered parking spaces (applies to all other project types).	3
T. Enclosed exterior wood-framed storage structure that is a minimum of 24 square feet.	2
U. (Reserved)	-
V. Washer/dryer hooks ups in projects with 39 units or less developed under the project category "Projects for Individuals with Children and Families with Children." No points awarded if threshold.	2
W. Washer/dryers provided in each unit. (includes hookups)	3
X. Free individual internet in each unit.	2
Y. Ceiling fans, including a minimum of one fan in the living room and one fan in the master bedroom.	1
Z. Security doors on front and back entrances (applies to Tenant Ownership Projects only).	1

AA. Covered front porch (applies to Tenant Ownership Projects only).	1
BB. Smoke-Free (lit tobacco products) Housing ¹⁰	1
CC. Entry screen front door to unit on units for eventual tenant ownership	2
DD. Storage cabinets in attached garage in units for eventual tenant ownership (minimum of 2 cabinets each)	2
EE. Storage shelves in attached garage in units for eventual tenant ownership	1
FF. Garage door opener in units for eventual tenant ownership	2
GG. Lighted walkway to the home in units for eventual tenant ownership	2
HH. Community garden in one large plot or divided into individual plots for residents to grow flowers, fruit, plants or vegetables. It is supported by drip irrigation or has access to water at the garden site. Minimum total area for planting 500 square feet. Community Manager responsible for assigning plots, maintaining area and providing initial soil. Residents responsible for tools and materials required to plant and grow items.	1
II. For Special Needs and for Senior Projects Only. Removable cabinet fronts at all kitchens and bathroom sinks in all apartments.	2
JJ. Projects that opt to exceed the HUD 5%&2% accessibility requirement ¹¹ by ensuring that 21% of units (15% mobility /6% A-V) are adaptable/accessible.	3
KK. Grab bars at all bathtubs and showers in all apartments. To qualify for these points, the grab bars must be specified for handicapped use and meet ADA requirements.	2
MAXIMUM AMENITIES POINTS	24

For Acquisition/Rehabilitation in addition to receiving amenities points for new amenities to be added to the project, points shall be awarded for upgrades to existing amenities if: (i) the Capital Needs Assessment (a) identifies the amenity or amenities, (b) states that the amenity or amenities need to be upgraded, and (c) identifies the amount of capitalization needed for the amenity or each of amenities to be upgraded; and (ii) the Applicant/Co-Applicants propose in the application to upgrade the amenity or amenities.

¹⁰ Owners must establish a no-smoking (lit tobacco products) policy for all buildings (including all indoor common areas, units, and balconies/patios) and within 25 feet of buildings. A non-smoking clause must be included in the lease for each household.

¹¹ See Glossary

Threshold Project Amenity Requirements

	Projects serving Individuals >=40 Units	Projects ¹² serving Families >=40 Units	Projects serving Individuals <40 Units	Projects serving Families <40 Units	Senior Housing Projects	Rent to Own Projects	All Other Projects >=40 Units
Community Area	X	X			X		X
Washer/Dryer	X	X	X		X	X	X
Playground		X		X			
Handrails					X		
Elevator					X		
Area Requirement						X	
Min 5,000 sq. ft. Lot						X	
Min 1-Car Attached Garage						X	

(a) Definitions

Community Area - Minimum of 500 square feet, 50-inch color TV, entertainment system (stereo, DVD, VHS or similar type product), set of sofas or sofa/loveseat, two lounge chairs, end or coffee tables, carpeting and/or ceramic tile, and facilities to prepare and serve food that includes a counter area, Energy Star refrigerator, microwave oven, sink, garbage disposal, with resilient and/or ceramic tile floor.

Washer and Dryer - Hook-up in each unit and/or on-site laundry facilities with a minimum of one washer and dryer for every 10 units of housing. Washing machines must be Energy Star rated.

Playground - that includes a Powerscape, GameTime or equivalent play set, a tot lot in a softball aggregate or equivalent site of at least 500 square feet.

Example



¹²Does Not Apply to Scattered Site Single Family Projects.

Handrails– Installed including related hardware (grab bars, and lever handled hardware for doors) compliant with the Fair Housing Act and ADA.

Elevator- Only applies if more than one floor in building.

Rent to Own Area Requirement - Minimum of two-bedroom units with an average of 1,200 square feet of residential per unit excluding garages, outdoor patios, etc., but not less than 1,000 square feet of residential area or minimum allowed per local zoning.

Rent to Own Lot Requirement - Minimum of 5,000 square feet or minimum allowed per zoning.

(b)Project Amenities and Unit Amenities

- Submitted site plans and unit plans must show and call out where committed physical amenities (not policy amenities like no smoking policy) will be located.

For example, a commitment to include patios (a unit amenity), must include visual evidence in the plans showing the amenity. A commitment to include a unit amenity (like pull cords) should have at least a call out-showing or noting where the unit amenity will be.

NOTE: The Division may waive, at its sole discretion, one or more required project amenities for acquisition or rehabilitation projects or scattered-site projects. Applicants/Co-Applicants requesting a waiver MUST submit their request in writing, along with valid reasoning as to why the amenity or amenities cannot be provided, to the Division as part of their application package. The Division does not guarantee that requests will be granted. Any approvals must be received in writing from the Division.

14.3.4 Nevada Based Applicant

Up to five (5) points will be awarded to projects if the Applicant or Co-Applicant is based in Nevada. To be deemed as based in Nevada, an Applicant or Co-Applicant that is a natural person must be a resident of Nevada. If the Applicant or Co-Applicant is a business entity, it must meet the criteria below:

RATING FACTORS	POINTS
Threshold Requirement: Applicant/Co-Applicant is organized as a corporation, limited liability company, partnership or other business entity under the laws of the State of Nevada and has been in existence for at least 12 months prior to the Application Deadline.	
Applicant and/or Co-Applicant maintains an office in Nevada from which a general partner, managing partner, manager, president, chief financial officer, chief operating officer or other principal officer of the Applicant/Co-Applicant conducts business, AND Applicant and/or Co-Applicant maintains at least one employee or staff member at an in-State office to ensure that a member of the general public may visit the office to substantively discuss matters relating to the project with one of the persons identified above as well as the project representative identified within the application.	5
MAXIMUM NEVADA BASED APPLICANT POINTS	5

14.3.5 RESERVED

14.3.6 Affordability Period

A maximum of four (4) points will be awarded to Applicants/Co-Applicants that extend the period of affordability beyond the required 30 years. Applications will receive one preference point for each additional 5-year period of affordability, not to exceed 50 years. See Section 13.2 with regards to the QC waiver process.

RATING FACTOR	POINTS
One point for each 5 years of extended affordability.	
MAXIMUM AFFORDABILITY PERIOD POINTS	4

14.3.7 Water Efficiency of Landscape Design

Five (5) points will be awarded to projects that have at least 75% desert and/or xeriscape landscaping. The Applicant/Co-Applicants must submit verification from an *architect or landscape architect* that the project satisfies the rating factor.

RATING FACTOR	POINTS
75% desert and/or xeriscape landscaping.	
MAXIMUM LANDSCAPING DESIGN POINTS	5

14.3.8 Historical Character

RATING FACTOR	POINTS
Project contributes to the historic preservation, documentation and/or use of cultural resources as determined by the Nevada State Historic Preservation Office (SHPO) including, but not limited to, adapting and/or renovating properties listed on the National or State Historic Registry. Must submit a letter from the SHPO indicating the above.	
MAXIMUM HISTORIC CHARACTER POINTS	3

14.3.9 Smart Designs

A maximum of 16points will be awarded for Smart Design. Specific verifiable documentation must be supplied for all points claimed. Pictures with referenced land marks and/or legible signs indicating bike and pedestrian paths are required to take credit for points if there is no official on-line documentation of the amenity on a map or website.

Threshold requirement:

Nevada based companies – Applicant/Co-Applicants agree to employ at least 2 third-party Nevada based companies (contractors, accountants, attorneys, architects, etc.) in the development process and provide certification as to their use upon Division request.

Nevada products – projects can demonstrate the use of products and goods manufactured by Nevada-based corporations that are incorporated into the development (must submit a list of Nevada-based corporations and products that will be utilized in the development) Must provide certification as to their use upon Division request.

RATING FACTORS	POINTS
A Site Location – Up to five points will be awarded.	
1) The site (or designated center of the site for scattered-site projects) is within ¼ mile of at least three of the following: grocery, pharmacy, bank, school, day care, parks, community centers, medical facilities, library, place of worship, post office (proximity to day care facilities is not applicable for Senior Housing projects).	2
2) The site (or designated center of the site for scattered-site projects) is within ¼ mile of a designated pedestrian/bicycle path aside from sidewalks.	1
<u>Clark and Washoe Counties:</u> 3) The site is within ¼ mile of a local transit route or school bus stop (school bus stop is not applicable for Senior Housing projects). OR	1
<u>Other Counties</u> The site is within 1/2 mile of a local transit route or school bus stop (school bus stop is not applicable for Senior Housing projects)	
4) Project is USDA funded	6

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5) The project's capacity to serve as a stimulus for other development in the vicinity or to provide a needed residential population that may support nearby local businesses in the area and thus promote a more vibrant neighborhood environment (must submit with the application a letter from the Director of the local jurisdiction's Community Development Department or their equivalent, stating the above and their support).	1
<p>B Up to eight points for the installation of renewable energy sources (e.g., photovoltaics, wind power).</p> <p>Renewable energy sources that offset the project's total estimated electricity demand by:</p> <ul style="list-style-type: none"> • At least 5% (4 points), • Greater than 5% up to 10% (6 points), • Greater than 10% (8 points). <p>Application must contain a report by an electrical engineer detailing the project's projected energy demand and a plan for installing enough renewable energy to produce the energy offset required.</p>	4/6/8
C One point for foam board wall sheathing used on exterior walls (minimum R-4 nominal in southern Nevada and R-5 nominal in northern Nevada), or for blow-in/spray fiberglass, cellulose or foam wall insulation.	1
D Two points for structural insulated panels (SIPs) or insulated concrete forms.	2
<p>E Energy Efficient Systems</p> <p>Energy Star qualifying gas tankless, heat pump, solar or gas condensing hot water heaters. (1 Point)</p> <p>Commercial water heaters or boilers (1 Point)</p> <p>Appliances with a thermal efficiency of 94% or higher (2 Points)</p> <p>(To receive points in this category the appliances must conform to Division Energy Standards and be approved by Barbara Collins from ERH West (bcollins@erhwest.com) within 60 days of application. Approval requests must be sent into ERH West no later than 14 days prior to the application deadline in order to be considered for the 20182019 QAP. Include in your application a letter or email showing the exact specifications, make and model that you have submitted for approval and the approval response from ERH West. The Division will not go back and obtain approval of your submission if not already pre-approved in your package.</p>	1/2
MAXIMUM SMART DESIGN POINTS	16

14.3.10 Superior Project

RATING FACTORS	POINTS
<p>A. Project is anticipated to most efficiently use tax credit resources as measured by multiplying 1.5 persons per bedroom x # of bedrooms (1.0 person per studio); and dividing the total number of people into the amount of tax credits requested. The project with the lowest amount of tax credits per person receives 4 points; the second lowest receives 2 points. The 4/2 points is available to only two projects each in the regions of Clark County, Washoe County and Other counties.</p> <p>Ex. Total # of bedrooms in the project = 85 x 1.5 people = 127.5 persons</p>	4/2

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Total credits requested = \$1,000,000 TCs per person = 1,000,000/127.5 = \$7,843.14	
B. Project has most efficient use of tax credits. Projects showing the most efficient use of tax credits by having the lowest total development cost per unit will be awarded preference points based on the following: Clark County <u>New Construction</u> (All Projects) \$175,000 or lower 8 preference points \$175,001 to \$180,000 6 preference points \$180,001 to \$185,000 4 preference points \$185,001 to \$195,000 1 preference point OR <u>Acquisition/rehab projects</u> (All Projects) \$120,000 or lower 8 preference points \$120,001-\$125,000 6 preference points \$125,001-\$130,000 4 preference points \$130,001-\$140,000 1 preference point OR <u>New Construction</u> (Projects for individuals) \$145,000 or lower 8 preference points \$145,001 to \$150,000 6 preference points \$150,001 to \$155,000 4 preference points \$155,001 to \$160,000 1 preference point Washoe and all other counties <u>New Construction</u> (All Projects) \$235,000 or lower 8 preference points \$235,001 to \$240,000 6 preference points \$240,001 to \$245,000 4 preference points \$245,001 to \$250,000 1 preference point OR <u>Acquisition/rehab projects</u> (All Projects) \$140,000 or lower 8 preference points \$140,001-\$145,000 6 preference points \$145,001-\$150,000 4 preference points \$150,001-\$160,000 1 preference point OR <u>New Construction</u> (Projects for individuals) \$205,000 or lower 8 preference points \$205,001 to \$210,000 6 preference points \$210,001 to \$215,000 4 preference points \$215,001 to \$220,000 1 preference point *Projects allocated credits in 2018 2019 and winning low production cost efficiency points in Section 14.3.10 and/or B above will only be eligible to receive Additional Tax Credits up to 6% of the original Tax Credit Allocation.	From 0 Up to a maximum of 8
C. Project includes the acquisition/rehabilitation of a foreclosed, vacant, or abandoned building, or the reuse/conversion of an existing non-residential building. Awarded to any eligible project.	2
RESERVED	
E. Project includes the preservation of existing LIHTC units—excluding USDA-RD projects.	2
F. Any USDA-RD preservation project with a letter of support from the USDA-RD office.	5

G. Rental Assistance w/at least 25% of the units receiving Project Based Rental Assistance (verified by a Housing Assistance Payment Contract)	2
H. Applicant/Co-Applicant or Project Owner or Sponsor paid electric, gas, and heating and/or cooling utility charges.	2
I. New Construction developments in Clark County with a minimum of 60 units and 40 units in remaining counties	5
Maximum Superior Project Points	23

14.4 Special Scoring Factors

Special Scoring Factors in Subsections 14.14.1 through 14.14.6 reflect additional policy objectives established by the Division. The Division identified a limited number of factors considered essential to targeting the development of ~~low-income~~ **Low-Income** persons, expanding the level of services available to at-risk households, and providing incentives for keeping project costs down. All applications will be independently scored for each of the seven Special Scoring Factors.

14.4.1 Low Rent Targeting

Points will be awarded based upon the overall rent targeting in the project. A project's overall rent level is determined by multiplying the percentage of the total restricted units within each rent level(s) by the rent income level percentage.

For example:

	PROJECT ONE	PROJECT TWO	PROJECT THREE
NUMBER OF UNITS	40	40	52
DISTRIBUTION OF UNIT RENTS	All with 40% rents	15 with 40% rents 25 with 45% rents	All with 45%
SCORING	100% x .40	37.5% x .40 = .15 plus 62.5% x .45 = .2813	100% x .45 = .4500
SCORE	.4	.4313	.4500

A. All Projects except Rent to Own

Special scoring points will be awarded in the amounts specified in the following table.

RATING FACTORS	POINTS
(Weighted Average Rent Level)	
<40%	6
40% and <42%	4
42% and <45%	3
45% and <50%	2
MAXIMUM LOW-INCOME TARGETING POINTS FOR ALL PROJECTS NOT APPLICABLE TO RENT TO OWN	6

B. Rent to Own Projects Only

RATING FACTORS	POINTS
60% - 100% of units at 60% income rent level or below.	6
>60% - Projects with less than 100% of units at 60% income rent level or below.	4
MAXIMUM LOW-INCOME TARGETING POINTS FOR RENT TO OWN PROJECTS ONLY	6

14.4.2 Low-Income Targeting

This special scoring factor awards two (2) points to projects that restrict rents/and incomes to not exceed the 50% area median income limit for all LIHTC units. Project owners may still opt for the 40/60 set aside, however, the declaration of restrictive covenants will reflect that all incomes /rents in the project will not exceed 50% AMI.

Applicant/Co-Applicants must submit a signed letter indicating this as back-up documentation for the preference points. Points will not be awarded for merely selecting this option on the application.

14.4.3 Supportive Services

A maximum of six (6) points will be awarded based upon the number of supportive services provided to tenants. All supportive services must comply with all local, state and federal laws and regulations that include, but are not limited to licensing, permits, and certification, bonding and insurance requirements.

The Applicant/Co-Applicant must document how the service will be provided and paid for in order to receive the points for a requested supportive service. The service must be available to all tenant families for the minimum times stated below and provided by the Applicant/Co-Applicant using project/organizational resources or through a signed contractual agreement. Signed agreements may be in draft form but must be executed and provided to the Division prior to the project placed in service. There will be no mandatory fees for the basic service. Any fee required will be at the discretion of the Division.

Applicant/Co-Applicant must provide the service for the initial IRS 15-year compliance period and must not allow more than a 30-day gap in service provided. The Applicant/Co-Applicant must notify the Division within 7 days of the termination of service agreements/contracts. The project will be considered out of compliance if there is no new service contract executed by the time the development is audited.

Special scoring points are awarded as described below:

RATING FACTORS	POINTS
A. Transportation services – on-site van service with minimum two - day per week operating schedule.	2
B. On-site service coordinator for minimum 10 hours per week (on-site office must be provided).	2
C. On-site service coordinator for minimum 20 hours per week (on-site office must be provided).	4
MAXIMUM SUPPORTIVE SERVICES POINTS	6

14.4.4 Lowest Developer Fees¹³

A maximum of five (5) special scoring points will be awarded to applications with Developer Fees below 15% of the eligible basis. Points will be awarded on the basis of one point for each 1% reduction in developer fee up to a maximum of five points. The Developer Fee will be calculated based on the figures provided in the budget contained in the main application. Applicants do not have to submit additional back-up. It is the responsibility of the Applicant/Co-Applicants to ensure the correct figures are contained within the project budget. Staff will not change scoring due to transposed numbers or incorrect figures in the budget.

The Developer Fee for competitive 9% projects *must* not exceed 15% of eligible basis of the project excluding the Developer Fee. The fee includes profit and overhead of the Applicant/Co-Applicant, in addition to fees for consultants/processing agents. The Developer Fee will no longer be calculated utilizing the 30% Metropolitan/Non-Metropolitan DDA/QCT boost and/or the state authorized basis boost in the 2016 QAP.

¹³(A) HUD & NHD (& USDA-RD) 2012 MOU objectives include: "limit the total of Builders Profit, General Overhead and General Requirements to no more than 14% of the project development cost, or to that amount prescribed in the Qualified Allocation Plan (QAP), whichever is less. Developers Fees will be limited to no more than 15% of the project development cost as prescribed in the QAP. Contractor fees may also be limited in accordance with criteria set forth in the QAP." 3/27/2012
(B) NCSHA Recommended Practices in Housing Credit Allocation and Underwriting, December 2011 guideline limits, pg 12: Builder's Profit: 6%, Builder's Overhead 2%, and General Requirements 6% of construction costs (=14%).

The cost certification must reflect the Developer Fee percentage disclosed within the original application and may not be changed for any reason. Staff will take the Developer Fee percentage to two decimal places and will not round up or down. The amount of the Developer fee may not increase from the amount claimed in the original application.

FEE TABLE (9% Program Only)

RATING FACTORS	POINTS
A. Less than 11%	5
B. 11.0% to 11.99%	4
C. 12.0% to 12.99%	3
D 13.0% to 13.99%	2
E 14.0% to 14.99%	1
F. >15%	0

14.4.5 Low Contractor Fee

A maximum of three (3) special scoring points will be awarded to applications with contractor fees below 14% of the total cost of construction. Points will be awarded on a basis of 1 point for each 1% in reduction in contractor fee up to a maximum of five points. The contractor fee will be calculated based upon the figures provided in the budget contained in the main application. Applicants/Co Applicants do not have to submit additional back-up. It is the responsibility of the Applicant/Co-Applicants' responsibility to ensure the correct figures are contained within the project budget. Staff will not change scoring due to transposed or incorrect figures in the budget. Staff will take the calculated contractor fee percentage to two decimal places and will not round up or down.

The original contractor fee (in percentage terms) must be reflected at the time of application and that percentage must be forwarded only if the project is awarded additional Tax Credits. Contractor fee including the contractor's profit, overhead and general requirements *must not* exceed 14% of the total cost of construction of the project. Total construction costs are limited to on-site work, off-site improvements, the construction of new structures/accessory buildings, and the rehabilitation of existing structures/equipment/furnishings.

The Division considers contractor fees greater than 14% excessive. Any contractor fee in excess of 14% will be taken out of the Gap Calculation for determination of the Final Tax Credit allocation and issuance of IRS Form 8609. Construction of costs will be limited to on-site work, off-site improvements, and the construction of new structures/accessory buildings and/or rehabilitation of existing structures and mandated off-site improvements. The amount of the Contractor fee may change (increase) as long as it does not deviate from the percentage claimed in the original application (carried to three decimal places).

RATING FACTORS	POINTS
Less than 12%	3
12 % to 12.99	2
13 % to 13.99	1
>14	0

14.4.6 Affordable Housing Incentive

A maximum of eight (8) points will be awarded based upon the level of additional resources, funding leveraged by Tax Credits or effective use of conventional financing. The two factors below can be met individually or collectively to receive the special scoring points. Additional contributions may include land donations and funding commitments made by local governments, non-profit organizations and private businesses. Eligibility: only loans or grants from the following sources will qualify for points under this section.

RATING FACTORS	POINTS
A. An arm's length donation of land from any governmental or private source or a parcel of land transferred at a nominal cost from a governmental unit or private source to the Applicant/Co-Applicants.	3
B. Funding sources are limited to: 1) The local PHA 2) Community Development Block Grant (CDBG) program funds 3) HUD 202 or USDA-RD 515 4) Federal Home Loan Bank Affordable Housing Program (AHP) 5) Established local government housing development funds (i.e., HOME, LIHTF, NHTF or RDA) 6) Bureau of Indian Affairs 7) 3 rd Party (non-related) and non-mortgage funds or grants. >20.01% of total project costs = 5 points, 5.01% to 20.00% of total project cost = 3 points, 5.00% or less of total project cost = 1 point.	5/3/1
MAXIMUM AFFORDABLE HOUSING INCENTIVE POINTS	8

Other sources of funding may qualify *provided they are approved in writing in advance* by the Division (approval of a particular source in prior years does not meet this requirement). Adjustments to the purchase price of the land by the seller are not sources of mortgage subsidy. Staff will take percentages to two decimal and will not round up or down. Applicants are required to submit a letter of commitment or interest from their funding sources.

14.5 Tie Breakers

In the event that one or more projects competing for Tax Credits in the same set-aside or geographical account receives an identical number of points, the Division will break the tie by determining the most efficient use of Tax Credits compared against costs. This will be determined by dividing the gross ten-year total amount of Tax Credit funding by the Total Project Costs. The project with the lowest percentage of Tax Credit funding to Total Project Costs to two (2) decimal places will win the tie break. If the above fails to break the tie, the Division will conduct a lottery pursuant to NAC 319.990.

Example:

- A. Tax-Credit request = \$8,000,000 (\$800,000 TC request x 10 years)
- B. Total Project Cost = \$10,000,000
- C. Tie Breaker ratio = 80.00%

This project would beat a project requiring a 90% TC/TPC ratio

14.6 Compliance History Points

If the Division determines that any outstanding compliance violations are not material and if the Applicant/Co-Applicant has cured the violations or proceeds to cure such violations within 10 business days of notice from the Division of the violation, instead of rejecting the application, the Division may make a reduction of five (5) points in the point total for each application submitted for all rounds for the year, should the application satisfy the remainder of the Threshold Requirements.

14.7 Scoring Appeal Process

After scoring is complete the Division will send out preliminary scoring letters to all Applicants so they may review the scoring decisions. The developer has (10) business days to sign and return the score acknowledgement letter provided. Applicants may appeal their score to the Administrator pursuant to NAC 319.984. Applicants should provide a concise outline of the issues addressed in the appeal to the Nevada Housing Division Administrator at 1830 East College Pkwy Suite 200, Carson City, NV 89706.

Appeals will be conducted pursuant to NAC 319.984. Failure to file a timely appeal shall constitute a waiver of the right to an appeal.

PROJECT DEVELOPMENT INFORMATION

SECTION 15 OPERATING EXPENSES

Project operating expenses not exceeding \$375 per unit/month are typical for projects in Nevada and considered acceptable by the Division. Applications for projects with operating expenses higher than the \$375 must include an explanation of why the expenses are higher. The Division reserves the right to adjust Tax Credits on projects with operating expenses greater than the \$375.

SECTION 16 ESTIMATION OF UTILITY ALLOWANCE

At the time of application, the Applicant/Co-Applicants must estimate the amount of utility allowance applicable to each unit, considering the square footage of the unit and the proposed source of energy in accordance with Treasury Regulations Section 1.42-10. The Applicant/Co-Applicant assumes the risk that these estimates are reasonable and supportive. At the time the project is placed in service, the Applicant/Co-Applicants must provide evidence that the utility allowance conforms to the requirements of the Code and Treasury Regulation. Failure to do so will result in forfeiture of the Tax Credits.

The Applicant/Co-Applicant may provide a survey of actual utilities being paid in the area or with the Division staff approval, use the HUD Utility Model or an alternate method allowable per the Utility Allowance Regulations contained in the Federal Register, Volume 73, No. 146, July 29, 2008. Surveys must: (1) have been conducted within 12 months of the application; (2) sampled units must be located within a radius of 50 miles from the proposed project location; (3) sampled units must be similar in size, within 10% based on unit square footage, to those in the project; (4) include a sample size of at least 10 units; (5) the energy source must be the same as proposed for the project; and (6) include the address and square footage of each unit surveyed.

The Project Sponsor of Energy Star projects that have met the 86+ REMS measure may request a HERS rated sample of the project. The sample must conform the Division's Energy Requirements guidelines (i.e., 15% of the units must be tested). The Division will require an update to the testing every third year. The utility allowance will not apply to any Housing Choice Voucher and/or HOME funded units if not allowed by the local funding jurisdiction.

SECTION 17 ELIGIBLE BASIS ADJUSTMENTS (OCT, MSA, SADDAs,

Opportunity Zone (OZ))

Beginning with the 2016 DDA, HUD is designating metropolitan DDAs using Small Area Fair Market Rents (SAFMRs), rather than metropolitan-area FMRs. The 2016 metropolitan DDAs are designated by ZIP Code Tabulation Areas (ZCTAs) rather than entire metropolitan areas. While the geographic extent of ZCTAs is very similar to current 5-digit ZIP codes, the U.S. Postal Service (USPS) may alter specific ZIP code geography at any time after HUD designates SADDAs. The HUD SADDA mapping tool can be found online at [2016-2019 SADDAs](#). Applicant/Co-Applicants with projects located in these hypothetical SADDAs is authorized to utilize 130% of eligible basis as a factor in determining the adjusted eligible basis for the [20182019](#) QAP. Any changes to SADDA designations subsequently made by HUD that are applicable to the 20178 Tax Credit application period, will be incorporated into the [20182019](#) QAP following publication in the Federal Register or other appropriate notice.

Applicant/Co-Applicants with projects located in Qualified Census Tracts (QCT) for 20197 are authorized to utilize 130% of eligible basis as a factor in determining the adjusted eligible basis for the [20182019](#) QAP

Any changes to QCT designations subsequently made by HUD that are applicable to the [20182019](#) Tax Credit application period, will be incorporated into the [20182019](#) QAP following publication in the Federal Register or other appropriate notice.

Applicant/Co-Applicants with projects not located in a SADDA or QCT but located in a designated Qualified Opportunity Zone may be eligible to utilize 130% of eligible basis as a factor in determining the adjusted eligible basis for the 2019 QAP to the extent that the project would not otherwise be financially feasible as determined by Division underwriting criteria.

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*Please note nonmetropolitan areas will not be affected

2019 SADDAs http://www.huduser.gov/portal/sadda/sadda_qct.html
<http://www.huduser.gov/portal/Datasets/qct/DDA20196M.PDF>

METROPOLITAN AREA: Las Vegas-Paradise, NV MSA										
89002	8904489007	8904289044	8904489052	89052891	89074891	890848914	8908489143	8908489143	8908489143	8908489143
8914389178	8914789179	89148	89123	89124	89130	89134	89134	89135	89138	89138
89139	89141	89142	89143	89144	89145	89147	89148	89149	89166	89178

METROPOLITAN AREA: Reno-Sparks, NV MSA										
8942441	8943489451	8943689508	8944189508	8945489519	89519	89524	89523	89704		
	8950889521									

Non-Metropolitan Areas	
	Churchill County
	Douglas County

Metropolitan Qualified Census Tracts										
METROPOLITAN AREA: Las Vegas-Paradise, NV MSA										
2.041.03	2.031.06	3.042.01	3.022.03	34.01	4.014.02	5.144.0	5.146.10	5.195.13	5.1420	5.1524
5.2216	5.1823	5.1924	5.2027	5.218	5.62200	5.248.0	5.259.00	5.2811.00	14.046.0	15.047.00
16.408.00	16.1211.00	16.1312.00	17.1814.01	19.0415.01	22.0416.07	22.071	18.0424	24.019.01	224.016	225.034
226.043	26.0522.07	29.6624.03	2434.0523	24.0634.29	34.3025.05	38.002	40.0026	42.0026.0	43.0427	43.0227.08
44.0429.64	44.0229.65	46.0429.66	29.9546.02	47.0331.02	47.0731.04	47.143	47.1234	47.1334.2	47.1534	49.1634.30
34.31	35.00	36.16	37.00	38.08	40.00	41.00	42.00	43.01	43.02	44.01
45.00	46.01	46.02	47.03	47.07	47.09	47.10	47.12	47.13	47.14	47.15
50.05	52.00	54.21	54.23	57.02	62.01	68.00	68.00	71.00	72.00	78.00
49.21	54.21	54.38	56.14	71.00	78.00					

METROPOLITAN AREA: Reno-Sparks, NV MSA										
1.01	1.02	2.01	2.02	7.00	9.00	10.08	14.0010.09	15.0214.0	17.0415	18.0417
								0	.02	.01
198.024	21.0719.01	22.0419.02	22.1421.07	22.121	26.1422.12	9800.0027.0		0.02	0.02	0.02

Non-Metropolitan Areas	
	Elko County 9515.00, 9517.00
	Lyon County 9602.02, 9603.01
	Mineral County 9708.00
	Nye County 9603.009604.03, 9604.05
	Carson City 5.02, 10.01
	Churchill 9505.00, 9504.00, 9503.01

State of Nevada Designated Opportunity Zones	
Web-based research tools:	
•	Enterprise: https://www.enterprisecommunity.org/opportunity360/opportunity-zone-eligibility-tool
•	CDFI Fund: https://www.cims.cdfifund.gov/preparation/?config=config_nmtc.xml
•	

17.1 Additional DDAs
 As allowed in HERA, the Division will designate additional DDAs and/or projects and/or buildings eligible to 130% of eligible basis as a factor in determining the eligible basis. Applicant/Co-Applicants with projects meeting the criteria set forth below must submit a request to implement the “boost” in their application. The Division approval does not signify that boost credits will be awarded and only signifies that a project meets one or more of the eligibility criteria to claim the boost included below. The Administrator may retroactively allow for the boost in unique situations. Administrator can authorize up to a 30% boost for projects that have the following project criteria:¹⁴ or Projects which may be funded from the Other Counties category or with the USDA-RD Set-Aside.

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¹⁴Administrator will review all requests for the basis boost and may award a boost of up to 30% based upon the Division's housing priorities, the amount of boost funds requested for the project and from all projects, the amount of Tax Credits available, and project need.

SECTION 18 TAX CREDIT AWARDS AND POST AWARD PROCESS

18.1 Project Cap/Maximum Reservation

~~1-~~Project Cap: The Division will cap the total amount of Tax Credits to any one Applicant at **\$1,000,000**. An Applicant may submit more than one (1) Project application under the ~~2018~~2019 QAP; however, the Division will not award more than **\$1,000,000** in Tax Credits (the "Maximum Allocation") to any one Applicant, whether they are applying solely for their own project or are a party to multiple project applications. For the purposes of the Maximum Allocation, the term "Applicant" includes the Applicant, Co-Applicant, and any affiliate of the Applicant or any Co-Applicant.

~~1.~~

~~2-~~The Division's analysis and determination of whether the Maximum Allocation has been exceeded will

~~¹⁴Administrator will review all requests for the basis boost and may award a boost of up to 30% based upon the Division's housing priorities, the amount of boost funds requested for the project and from all projects, the amount of Tax Credits available, and project need.~~

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2. include, but not be limited to, determining how the Developer Fee is split, who is being paid consulting fees, and who is authorized to make decisions as, or on behalf of, the Applicant/Co-Applicants and proposed Project Sponsor(s). All entities including, but not limited to, the Sponsor, Applicant, Consultant, Equity Investors, and other Project Participants must disclose the portion of consulting and development fees they are being paid as part of the application.

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3. The Division reserves the right to award more than \$1,000,000, of Tax Credits to projects financed by the Tax-Exempt Bond Program, if the program complies with all of the Division's policies, procedures and all state and federal regulations and laws. This section applies to current year projects and does not include additional credit requests.

The Administrator may increase and/or transfer funds between set-asides and geographic apportionments to ensure the ability to fund projects to a high enough level for viability.

18.2 Multiple Project Phases

Projects that are phased in from one Tax Credit plan year to another will not be considered as one project for the purposes of the maximum. For example, if an Applicant receives Tax Credits on a project this year and next year qualifies and is appropriately ranked for an expansion of a new phase of the existing project, the Applicant may receive the Maximum Allocation of Tax Credits for the new phase.

18.3 Tax Credit Return

The Applicant/Co-Applicant may voluntarily return Tax Credit awards before the notification of the Carryover Allocation. For the purposes of this section, the Carryover Allocation for the 20182019 projects will be Friday, November 98, 20182019. If the Applicant/Co-Applicant decides to return the Tax Credits on or before the date specified in this section, the return will be considered voluntary. If a project receives a Carryover Allocation and the Project Sponsor returns Tax Credits after the date specified in this section, the return will be considered involuntary. In such cases, the Project Sponsor may be barred from participating in future Tax Credit funding rounds for the remainder of the 20182019 Tax Credit year and the subsequent Tax Credit year.

18.4 Conditional Reservation

The Division reserves the right to award conditional reservations to projects that have outstanding issues as identified by staff, at the time of reservation. This includes, but is not limited to, outstanding legal issues currently under review, related vacancy issues at nearby properties that may negatively impact the viability of the Tax Credit project, or other matters. Reservations are also subject to final underwriting in the Division's Tax Credit Analysis Application Orientation Design (AOD)/Emphasys program and may be amended as a result of that underwriting.

Any project receiving a conditional reservation must cure all conditions by the Carryover Allocation deadline or any other deadline noted in the reservation letter or the reservation will be cancelled. The Administrator may extend this deadline for extenuating circumstances.

SECTION 19 FINAL TAX ALLOCATIONS OF TAX CREDITS

Once all of the buildings in the project are placed in service, the Project Sponsor may request the final allocation and IRS form(s) 8609. The following information needs to be completed to receive the IRS form(s) 8609:

- 1) Final application with all source/uses/budget information updated.
- 2) CPA certification of costs. The Division will consider the initial CPA Certification of Costs as the true and correct document for the issuance of IRS form 8609.
- 3) Final energy analysis, inspection and payment. The final energy analysis and inspection must show that all of the energy saving measures identified in the pre-energy analysis has been installed.
- 4) Pre-8609 inspection by the Division. The inspection will include a review of proposed unit mix and amenities in the application and completeness of construction.
- 5) Comply with Section 48, Lease-Up Requirement, and timely curing of identified non-compliance.

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F. Compliance Monitoring Fee for Second Audit

If a property receives an audit in which the property is substantially out of compliance and Division staff must

re-monitor files after corrections are submitted or re-inspect units, there will be an additional audit fee equal to the per unit monitoring fee for each unit/file that requires a second audit.

G. Legal Fees

If an Applicant/Co-Applicant requests review of a decision of the Division, or if after an allocation of Tax Credits, a Project Sponsor requests a waiver or variance from a QAP requirement, any change in the project from what was described in the application, or a similar matter, for which the Division determines that legal advice or review is necessary the Division shall be entitled to bill the Applicant/Co-Applicant or Project Sponsor, as applicable, for the legal service at up to a rate of \$300 per hour. Legal fees must be paid for any time legal spends reviewing an item.

The Division shall also be entitled to recover its attorney's fees, costs and expenses, including court reporter and transcription costs, in any appeal, litigation, arbitration, mediation or other proceeding arising from, as a result of, or pursuant to the ~~2018~~2019 QAP, and/or the resulting Tax Credit allocation round, selection process or award determination process, regardless of who initiated or prevails in the litigation, arbitration, mediation or other proceeding.

H. Energy Analysis Fees

The ~~2018~~2019 QAP requires Project Sponsors to comply with the Division's Energy Efficiency Requirements. Sponsors are required to meet pre- and post -construction energy analysis for new construction or rehabilitation projects.

The energy analysis is contracted by the Division with an independent certified energy-auditing contractor. The Project Sponsor will reimburse the Division the costs of the energy analysis at a rate of **\$1,000** for pre-construction analysis and **\$250** per unit with a minimum of 15% of the project being subject to the energy analysis for construction and post construction audits. The energy analysis fee will be assessed mileage and per diem charges at the state rate. If additional testing is required, fees will be due at the time of the re-testing. The \$1,000 fee is due at time of energy analysis submission. The \$250 per unit 15% fee is due when testing is completed and must be paid before issuance of the 8609 form.

I. Extension Fees

The Division will require that a fee of \$3,000 be submitted with the request for a 45-day extension to the 270 day closing requirement.

J. Resubmission Fee

If an application was rejected in a previous round or must be changed upon resubmission, the application must be accompanied by a resubmission fee equal to 75% of the initial application submission fee.

K. Project Changes

A \$1,000 fee payment is required at the time of the request for approval of any changes, pursuant to Section 26 Changes to the Project.

SECTION 22 DEBARMENTS, REJECTIONS, POINT DEDUCTIONS

The **Administrator will reject any application that is included** on the HUD, USDA or other federal, state or local Debarred or similar list.

In addition to the grounds set forth in NAC 319.974, the Administrator may reject an application or reduce the Applicant's score by up to 10 points for the following circumstances:

- (a) The Application is determined to be incomplete.
- (b) The required materials were not submitted pursuant to the application deadline and a subsequent request for those materials was not provided within 5 business days.
- (c) The Applicant--or any person who controls the Applicant, including a general partner, shareholder or member who controls or owns an interest in the Applicant of 25 percent or more,

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controlled a person of a previous Applicant or project sponsor:

⚡ Who failed to complete a project in accordance with the application approved by the_

- 1) Division;
 - 2) Who has made a material misrepresentation to the Division concerning tax credits; or
 - 3) Has, as determined by the Division, knowingly and/or materially failed to comply with the Code or a declaration of restrictive covenants and conditions concerning a project.
- (d) Defaulted or failed to Complete Funding or Construction on a Tax-Exempt Bond Issue.
- (e) Defaulted under and/or failed to comply with any HOME, NHTF and/or LIHTF requirement.
- (f) Was involved with a LIHTC or Tax-Exempt Bond issue project which was lost to foreclosure or deed in lieu of foreclosure.
- (g) Made a misrepresentation, or provided false and misleading information, in any document submitted to the Division or provided any false or misleading information to the Division.
- (h) Was convicted of a felony, prosecuted or investigated for fraud or misrepresentation by any governmental agency or was investigated by the IRS for tax fraud or other Code violations.
- (i) Defaulted or failed to comply with any of the terms and conditions, including mandatory 15-year and extended compliance, on a Bond or Tax Credit Project that receives a Tax Credit reservation or allocation by the Division or any other State housing authority.
- (j) Fails to pay any mandated charges or fees to the Division, or any other governmental agency or authority.
- (k) Failed to place in service a LIHTC project which was awarded credits within the timelines set forth by the IRS Section 42 regulations.

SECTION 23 LEASE-UP REQUIREMENT

All Project Sponsors will be required to contact the Division once the first building in the project is issued a Certificate of Occupancy and prior to any lease-up at the property. The Division will provide an orientation to Project Sponsors and on-site property managers regarding the long-term compliance of the property with Section 42. The Division will review the state's Tax Credit Compliance Manual with the project management and discuss the Division's compliance requirements and project management responsibilities. This orientation is mandatory. Failure to contact the Division as specified above will result in a delay of the Division's issuance of IRS form(s) 8609.

SECTION 24 ANNUAL INCOME RE-CERTIFICATION

Under HERA, the Project Sponsor of a 100% ~~low-income~~ **Low-Income** project is exempt from the recertification requirements under IRS regulation 1.42-5(b) (1) (VI) and (vii) and 1.42-5(c) (1) (iii) and is *not* required under those sections to:

- 1) Keep records that show an annual income re-certification of all the low-income tenants in the building who have previously had their annual income verified, documented and certified;
- 2) Maintain third-party documentation to support that re-certification; or
- 3) Certify to the Division that it has received this information.

In lieu of recertification after year two of tenancy, *Project Sponsors must ensure that all tenants annually complete a form of certification as prescribed by the Division.* The Alternate Certificate must be dated and signed by the tenant(s) and the Project Sponsor's on-site representative and the Project Sponsor must maintain a current Alternate Certification in each tenant file. The Division will review this documentation during the annual compliance reviews. Project Sponsors of 100% low-income properties are still required by the Division to perform a complete income recertification upon first anniversary of tenancy. Projects that have less than 100% low-income units *must* still perform a complete annual income recertification.

The Division regulations concerning tenant annual recertification may be updated from time to time with at least 15 days' notice from the Division to comply with regulations or facilitate the reporting of data. Additionally, ~~—~~ the Division reserves the right to require annual tenant income recertification at properties where gross negligence or non-compliance has been found. Relaxation of Tax Credit annual tenant income recertification does not supersede requirements for income recertification under other federal programs such as HOME.

SECTION 25 TAX EXEMPT BOND PROGRAM

IRC Section 42 allows Tax Exempt Bond Financed Projects to receive an allocation of 4 Percent Tax Credits

provided they meet the minimum requirements for an allocation in the QAP. The Division's determination that a Project satisfies the requirements of the QAP will be based on the proposed project meeting all requirements of the QAP in effect when the determination is made. Applicants/Co-Applicants with Tax Exempt Bond Financed Projects must also meet all of the requirements of the Division's Tax Exempt Bond Financing program requirements, as same may be amended from time to time¹⁵.

The Tax Credits allocated to Tax Exempt Bond Financed Projects are not subject to the annual credit ceiling and, consequently, are not required to compete in the competitive allocation process described in the QAP. Tax Exempt Bond applications must include evidence of a transfer of 50% of the necessary Private Activity Bond Cap from the local jurisdiction where the project is located (NAC 319.711 and 319.7115) or an Endorsement of the project from the local jurisdiction in lieu of a transfer of less than 50%. Requests for these determinations must be made by the Applicant/Co-Applicants after an award of bond volume cap is made by the State Board of Finance. Requests must include all applicable fees, and a complete application.

Tax Exempt Bond Financed Projects may receive Tax Credits on the full amount of their Eligible Basis only if at least 50 percent of the "aggregate basis" of the proposed project is financed with Tax Exempt Bonds. Additionally, numerous bond-financing rules apply and many Tax Credit requirements are different for Tax Exempt Bond Financed Projects. The Division recommends that Applicants/Co-Applicants undertaking these Projects obtain advice from qualified tax professionals to ensure that such requirements are met.

To receive 4% Tax Credits on a Tax Exempt Bond project, Applicants/Co-Applicants must comply with the following:

- 1) The project must meet Section 11, Eligible Project Categories requirements as outlined in the QAP. However, at the discretion of the Division administrator; all requirements in the eligible project categories (Sec. 11) need not be met as long as it is determined that the project provides decent, safe quality housing; and that it meets the needs of the tenant population.
- 2) Final allocation application (at a cost of \$3,000 and payment of 9.5% of the Tax Credit Award) with updated sources/uses/budget information.
- 3) CPA of certification costs. The Division will consider the initial CPA Certification of Costs as the true and correct document for issuance of IRS Form 8609.
- 4) Final energy analysis and inspection. The final energy analysis and inspection for new construction must have a REM Index Rating of 86 or higher. The final energy analysis/inspection for rehabilitation projects must show that all of the energy saving identified in the pre-energy analysis have been properly installed.
- 5) Pre-8609 inspection by the Division. The inspection will include a review of proposed unit mix and amenities in the application and completeness and construction.
- 6) Comply with Section 48, Lease-Up Requirement and timely curing of identified non-compliance.
- 7) Letter certifying permanent financing is in place.

¹⁵Information on the Division's Tax Exempt Bond Financing program is available on the Division's web site: <http://housing.nv.gov/>

- 8) Letter acknowledging project has met ADA design standards.
- 9) The project must be in compliance with the Bond Regulatory Agreement.
- 10) Comply with Section 42 50% test.
- 11) The CPA cost breakdown must be submitted in a manner that is consistent with data input to the AOD/Emphasys system. Forms will be attached to the Final Allocation Application.
- 12) The allowable developer fee for Tax Exempt Bond Financed project may not exceed 15% of the Total Project Cost including the land and excluding the Developer Fee.
- 13) 4% Tax Credits are applicable only to the Division multi-family revenue bond projects that have received a Section 42m letter from the Division's Chief Financial Officer.
- 14) The Nevada State Board of Finance has approved the issuance of the Tax Exempt Bonds for the project.

SECTION 26 DIVISION NOTIFICATION OF PROJECT CHANGES

It is the Applicant/Co-Applicant's responsibility to notify the Division immediately, in writing, of any changes

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⁴⁵Information on the Division's Tax Exempt Bond Financing program is available on the Division's web site:
<http://housing.nv.gov/>

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to the Project subsequent to submission of an application, including the changes listed below and any other material changes, by requesting the Division's approval of such changes. If any proposed change results in adjustments to the project's original scoring, regardless of the project's ranking, or if the proposed changes would have prevented the project from achieving one or more of the original Threshold Requirements at initial application, the Division may reject the Application and/or revoke the reservation or Tax Credit allocation. Failure to notify the Division may result in the rejection of an application or termination of a reservation or Tax Credit allocation. Approval of such changes will be made in the Division's sole discretion, and the change may result in a change in the Tax Credit amount or other action by the Division.

A \$1,000 fee payment is required at the time of the request for approval of any changes. As a condition of the submission of a request to the Division to approve a change to the project, Applicant/Co-Applicants also agree to pay the legal fees and expenses incurred by the Division in connection with the consideration of the request.

Examples of changes of which the Division must be notified (may not be subject to the \$1,000 fee):

- 1) Site control or rights of way are lost;
- 2) Project costs change in excess of five percent (5 percent) of the total development cost shown in the application;
- 3) Applicant obtains additional subsidies or financing other than those disclosed in the Application; loses subsidies or financing included in the Application; or the amount of any such financing or subsidy changes by 10% or more from the amount shown in the Application;
- 4) Development cost contributions made by a state or local entity are reduced, increased, withdrawn or substituted with other types of contributions than the ones originally proposed in the application;
- 5) The syndication payment timing and/or net proceeds change from those stated in the application;
- 6) The parties involved in the ownership of Applicant/Co-Applicants as represented in the application change;
- 7) The unit and project design, square footage, unit mix, number of units, or number of buildings changes. Substantial changes of this sort may result in a requirement to produce a new Market Study;
- 8) A change in any support service provider and/or change in type of support services to be provided;
- 9) There is dissolution, winding up of affairs, sale of assets, merger or business combination of any Applicant/Co-Applicant or Project Sponsor, as applicable, or any Project Participant;
- 10) Any of the Project Participants change; and/or
- 11) Any other factor deemed material by the Division in its reasonable judgment.

SECTION 27 DISCLAIMERS AND LIMITATION OF LIABILITY

The Division makes no representations to the Applicant/Co-Applicant, Project Participants, and Equity Investor or to any other Person as to Project eligibility or compliance with the Code, IRS Treasury regulations, or any other laws or regulations governing the ~~Low Income~~Low-Income Housing Tax Credit program. Applicants/Co-Applicants, Project Participants, Equity Investors and all other Persons participate in the Tax Credit program at their own risk. No member, officer, agent or employee of the Division or the State will be liable for any claim arising out of, or in relation to, any Project or the Tax Credit program including claims for repayment of construction, financing, carrying costs, any loss resulting from a decision of the IRS, or consequential damage or loss of any kind incurred by an Applicant/Co-Applicant, Project Participants, Equity Investor, or any other Person.

SECTION 28 PUBLIC COMMENTS, DISTRIBUTION AND APPROVAL OF THE OAP

Public comments are to be submitted to the Division in writing, by letter, fax or email, via the contact information in the following Section 29. Written comments must be received by the Division **by 5 p.m.** local time in Carson City, Nevada **five (5) business days** before any noticed public hearing, meeting or workshop. Verbal comments will be received at the public hearing.

Following the first public meeting or workshop on the first draft a second draft will be released for public review and comment with a comment deadline of five business days after the draft is released. The Administrator may then act upon the last draft of the QAP. For more information refer to <https://housing.nv.gov> ~~or www.housing.nv.gov~~ or contact the Division.

The ~~2018~~2019 QAP was adopted by the Administrator on ~~XXXXX~~February 28, 2018~~2019~~.

SECTION 29 NEVADA HOUSING DIVISION OFFICES

Questions, suggestions and comments should be directed to **Mark Licea, Loan Administration Officer**, 702.486.5980 or MLicea@housing.nv.gov. Facsimile number 702.486.7227.

A. Carson City

The Division's Carson City office is located at: 1830 East College Parkway, Suite 200, Carson City, Nevada 89706.

B. Las Vegas

The Division's Las Vegas office is located at 3300 W. Sahara, Suite 300, and Las Vegas, Nevada 89102.

SECTION 30 MODIFICATIONS TO OAP AFTER ADOPTION/WAIVERS

The Nevada Housing Division reserves the right to amend or modify the QAP after adoption and posting, including its compliance and monitoring provisions, as required by the amendment of IRC Section 42, NRS Chapter 319 and/or NAC 319, as well as for errors, omissions, updated allocation estimates, updated population estimates, or other necessary information. Any amendments or modifications will be published in a Program Notice and/or Program Bulletin posted on its website at <https://housing.nv.gov/>. Applicants are encouraged to check the website frequently for updates.

Additionally, and notwithstanding anything to the contrary set forth herein, in order to assure the QAP has the flexibility to adjust to deteriorating market conditions, the Division in its sole discretion may waive any section of any year's QAP (not otherwise required by IRC Section 42) that would under such circumstances hinder the ability of the Division to meet the goals and priorities of the QAP.

GLOSSARY

For the purposes of the QAP the following definitions apply.

“HUD 5% and 2% accessibility requirement”

Accessibility Requirements for Federally Assisted Housing: All Federally assisted new construction housing developments with 5 or more units must design and construct five (5) percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. These units must be constructed in accordance with the **Uniform Federal Accessibility Standards (UFAS)** or a standard that is equivalent or stricter. An additional two (2) percent of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities. For more information on the accessibility requirements for federally assisted new construction and substantial alterations of existing federally assisted housing, see **Section 504: Disability Rights in HUD Programs**.

“Applicant” means any person or persons who submit an application to the Division under a qualified allocation plan for an award of LIHTC pursuant to the provisions of NAC 319.951 to 319.999, inclusive who will actively participate in the development of the **low-income/Low-Income** housing project being proposed, receive the majority of the Developer Fee and be responsible for ensuring that the development of the proposed project is accomplished and that the project is successfully operated. Applicant includes Co-Applicants unless context dictates otherwise.

“Application Deadline” shall be deadline specified in Section 2A of the **2018/2019**QAP for receipt by the Division of an application for an allocation of Tax Credits.

“Begin Construction” see **“Commence Construction”**

“Carryover Allocation” and **“Carryover Allocation of Tax Credits”** shall mean the allocation of Tax Credits made by the Division when the Applicant/Co-Applicants have established to the Division that either: (i) each building in the project has satisfied the requirements of Section 42(h) (1) (E) of the Code; or (ii) in the case of a project-based allocation, of Section 42(h) (1) (F) of the Code.

“Co-Applicant,” means a person who is one of two or more Applicants of the same project for which an application is submitted to the Division under a qualified allocation plan for an award of LIHTC pursuant to the provisions of NAC 319.951 to 319.998, inclusive, who will actively participate in the development and operation of the project and receive a portion of the Developer Fee. Non-profit Co-Applicants must provide proof of compliance with IRS requirement of their charter indicating a purpose including providing or maintaining affordable housing.

“Concerted Community Revitalization Plan” (CCRP) means that a proposed project location is included in a government jurisdictions Priorities or Plans for development of affordable housing including housing elements/plans, Redevelopment plans, economic development plans, NRSA’s, etc. A CCRP must exist prior to the application for Credits and the plan must have more components than simply the development of the property in question¹⁶. A letter from the local government jurisdiction indicating that the project is part of a local CCRP or local revitalization plan is required including a copy or reference to the plan provided in the application package. Acceptable CCRP plans will include specific geographic targeting and have housing as a key component.

“Consultant” means a person with no ownership interest in a project retained by an applicant or a sponsor as an advisor and/or to provide services to the Applicant or Sponsor related to the project.

“Commence Construction” means the Applicant, owner or developer must have at least obtained and must continue to hold all necessary preconstruction approvals required to proceed. If all necessary preconstruction approvals have not been obtained and maintained, construction has not commenced. In addition to obtaining all required permits, an Applicant, owner or developer must also satisfy one of two additional requirements in order

¹⁶See IRS Notice 2016-77 <https://www.irs.gov/pub/irs-drop/n-16-77.pdf>

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to be deemed to have commenced construction. An Applicant, owner or developer must either:

- 1) Have begun a continuous program of physical on-site construction OR
- 2) One or more significant parties to the contractual obligation to begin on-site construction must have been issued a notice to proceed.

“Declaration of Covenants” or **“LURA”** means the “Extended Low-Income Housing Commitment” required by IRC § 42(H)(6) which must be in the form of a Declaration of Affirmative Land Use and Restrictive Covenants Agreement (commonly referred as the “LURA”) that is recorded and runs with the land on which the ~~low-income~~**Low-Income** housing project is developed, restricting the use of land by the owner of the land and its successors and assigns to the terms and conditions of the project, as approved by the Nevada Housing Division. **“Developer Fee”** is the fee described and defined in Section 14.4.4 of the QAP.

“Equity Investor” means the tax credit investor or syndicator for the proposed project who will acquire an ownership interest in the proposed project and who contributes capital to the Project Sponsor and the closing of the syndication. Equity Investors provide the capital requirements of the Project Sponsor either in the form of a single contribution at the time of entry or a staged level of contributions.

“Financial Statements” means a complete and accurate balance sheet, income statement, cash flow statement, and accompanying notes prepared according to generally accepted accounting principles.

“Identity of Interest” refers to a relationship which may be presumed to be sufficiently related for an entity to be treated as a single, continuing applicant for purposes of the QAP. When certain financial, familial, business or similar relationships exist between or among the parties participating in the development and operation of the Project there may be deemed to be an identity of interest.

“Project Participants” means the entities and professionals assembled by the Applicant or Co-Applicants to own, develop and manage the project, including, but not limited to the Applicant or Co-Applicant, Project Sponsor, the Equity Investor, contractor, property manager and Consultant.

“LIHTC” or **“Tax Credit”** means a tax credit awarded under the ~~Low-Income~~**Low-Income** Tax Credit program of IRC Section 42.

“Person” means a natural person, any form of business or social organization and any other nongovernmental legal entity including, but not limited to, a corporation, partnership, association, limited liability company, trust or unincorporated organization. The term does not include a government, governmental agency or political subdivision of a government.

“Project Sponsor” and **“Sponsor”** means an Applicant/Co-Applicants who receives a Carryover Allocation of Tax Credits and any other person who acquires an ownership interest in any owner of a project which has received a Carryover Allocation of Tax Credits from the Division.

“Submission Date” means the date an application for an allocation of Tax Credits is received by the Division which must be before the Application Deadline.

“State” means the State of Nevada.

For the purposes of the QAP, the following apply:

1. **Headings.** The subject headings of the paragraphs and subparagraphs of the QAP are included for convenience only and will not affect the construction or interpretation of any of its provisions.
2. **Number and Gender.** Unless the context clearly requires otherwise:
 - a) Plural and singular numbers will each be considered to include the other;
 - b) The masculine, feminine, and neuter genders will each be considered to include the others;
 - c) Shall, will, must, agree, and covenants are each mandatory;
 - d) May is permissive;
 - e) Or is not exclusive; and
 - f) Includes and including are not limiting.

APPENDICES

Appendix A MARKET STUDY GUIDE

General Requirements for a Market Study

Nevada Housing Division (NHD) requires an independent, comprehensive, current and professional Market Study for each proposed development. The Market Study must be prepared no more than nine months before the applications submitted to NHD. An approved market analyst (Appendix A-1), unaffiliated with the Applicant, Developer, Lender and/or Syndicator and experienced in multi-family rental housing, must prepare the study. The Market Study must be prepared using the market study requirements of this guide. Applications with market studies that do not conform to the requirements of the Market Study Guide may possibly be deemed nonresponsive.

NHD may reject an application if it determines, in its sole discretion, that the Market Study:

1. Is not in final form;
2. Has not been executed by the analyst;
3. Deviates from the requirements of this Guide; or
4. Fails to include Market Analyst's Certification.

NHD receives a large number of market studies as part of the application process for financing and requests for rental housing Tax Credits. By requiring specific information in all market studies, NHD will be able to assess housing needs in competing communities through a comparison of similar characteristics. By requiring that all market studies be prepared in accordance with a specific outline, NHD will be able to perform a more comprehensive and expeditious review. The two main objectives of the Market Study are to demonstrate that sufficient demand exists for the proposed development in the market area and that the proposed project will not cause undue economic harm on the existing rental stock in the market area.

- 1) Minimum Qualifications. The party completing the market study must have the following qualifications:
 - a. Minimum of five years of experience, with a strong background assessing affordable housing markets;
 - b. Multi-state experience;
 - c. Bachelor's degree in real estate development/ finance, planning, marketing, accounting, statistics or a related field; and
 - d. Certification from a nationally recognized housing or real estate market research association.

Appendix A-1 contains a list of approved market study analysts.

- 2) Required Format and Elements of Market Study: The market study must be organized using the format below and minimally include the elements listed below.
 - a. Statement of Qualifications/Conflict of Interest Disclaimer
 - i. Statement of the qualifications of the market analyst; and
 - ii. Certification that the market analyst will not benefit financially if the project receives a reservation or award of Tax Credits.
 - b. Executive Summary
 - i. Outline the most pertinent findings of each section of the Market Study.
 - ii. Executive Summary shall not exceed five pages.
 - iii. Must include an overview of the proposed project and Addendum 1.
 - c. Description of the Proposed Project
 - i. Description of the proposed project in terms of number of buildings, number of units, income targeting, amenities, and related information.
 - ii. Description of the proposed site. The Market Analyst must visit the proposed site. The site location must be described in terms of the nearest roadways.
 - iii. Description of site structure – i.e. flat, rocky, etc.
 - iv. Description of traffic counts on main roads to/from the project site.
 - v. Color photographs of the site from various vantage points must be included. The Market Analyst must identify from where the photographs were taken.

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vi. Identify the census tract within which the project is located.

d. Description of Market Area

- i. Description of the proposed market study area. (The market study area must include an area within a **2.5-mile radius** of the project site in urban areas and 5-mile radius of the project in rural areas unless otherwise supported by the market study);*
- ii. General description of housing stock/types in market area;
- iii. General description public facilities and services in the market area – must also include a table with the public facilities and/or community services listed with approximate distance from the site (distance measured using travel distance on main streets to/from project); and
- iv. If the project includes a commercial component, it must be described and an analysis of the market’s ability to support the commercial component should be analyzed.
- v. Maps of project site and market study area including a map of all affordable or similar housing projects located within 2.5 miles of the proposed project.

e. Analysis of Housing Demand

- i. Analysis of households by income levels (i.e. up to 30% AMI, 31-40% AMI, 41-50% AMI, 51-60% AMI, 61+% AMI) in the market area (the study must contain **current** information within 1 year of application);
- ii. Analysis of households that can afford to pay the proposed rents (the study must contain **current** information within 1 year of application);
- iii. Forecast of growth in income eligible households for the next 5-year period;
- iv. Capture rates for the proposed project of eligible households;
- v. Analysis of household sizes and rental housing types in the market area; and
- vi. Analysis of economic and employment landscape.

f. Competitive Assessment of Comparable Projects in Market Area

- i. Description of comparable market-rate and affordable properties in the market area with details on unit size, amenities, and proximity to services;
- ii. Description of rent levels and vacancy rates of comparable market-rate and affordable properties;
- iii. Description of any waiting lists at comparable market-rate and affordable properties;
- iv. Description of any rent incentives at comparable market-rate and affordable properties;
- v. Analysis of available operating expenses and turnover rates of comparable properties in the market area.¹⁷

g. Assessment of Project Impacts on Housing Market

- i. **Analysis of expected market absorption of the proposed project**;*
- ii. Analysis of the absorption rates of recently completed comparable market-rate and affordable properties in the market study area (completed within the prior 12-month period);
- iii. Analysis of the impact of the proposed project on the rent levels and vacancy rates of other assisted and/or subsidized housing projects;
- iv. An assessment of the potential financial impacts on other assisted and/or subsidized housing projects; and
- v. Analysis of the potential affects that business closures of a major area employer would have on the proposed project.

h. Conclusions

- i. Identify the general conclusions of the market study.

* *The market study will not be considered if it does not comply with this mandatory element.*

¹⁷ The Division acknowledges that obtaining operating expenses and turnover rates on comparable properties may be difficult to obtain and therefore the absence of this information from the market study will not cause the market study to be rejected

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Appendix A-1 LIST OF APPROVED MARKET STUDY ANALYSTS

Per 26 USC (IRC) Section 42, the Division provides this list of approved market study analysts. NHD approves but does not endorse or recommend any market analyst on the authorized list and makes no guarantee that a market study performed by any market analyst on this list will be approved by the Division.

To be added to this list, an analyst must receive an approval from NHD based on a submitted request to the NHD. The request must include analysts' and the organization's identifying information, years of experience (two years minimum required), a list of three or more completed LIHTC market studies, three references (including at least one Tax Credit allocating agency) and a list of the states where the firm has performed LIHTC market studies.

Patrick M. Bowen and Desiree Johnson Bowen National Research 155 E. Columbus Street, Suite 220 Pickerington, Ohio 43147 (614) 83319300 (614) 82916916 (fax) patrickb@bowennational.com and desireej@bowennational.com	Kelly Gorman Novogradac & Company LLP Multiple offices including: Kelly.Gorman@novoco.com 33 Wood Ave. South, Suite 600 Iselin, NJ 08830 Telephone number: 732-623- 7005430 West 42nd Street, 14th
Danter and Associates LLC 2760 Airport Drive, Suite 135 Columbus, OH 43219 (614) 221-9096 (614) 221-4271 (fax) info@danter.com http://www.danter.com	Reicher Company, The 44 Baycrest Ct. Newport Beach, California 92660 Telephone Number: 714 305-8448 Facsimile Number: 949 737-2151 reichereo@gmail.com reicherco@gmail.com
Gill Group P.O. Box 784 512 N One Mile Rd Dexter, MO 63841	Mathews Appraisal 3143 S. 840 E Suite 335, St. George, UT 84790 (435) 767-9643 chris@mathewsappraisalinc.com Kelly.Gorman@novoco.com
Johnson Perkins Griffin, LLC 245 East Liberty Street, Suite 100 Reno, NV 89501 Telephone: (775) 322-1155	Valbridge Property Advisors Lubawy & Associates, Inc. 3034 S. Durango Drive, Suite 100 Las Vegas, Nevada 89117 702-242-9369, 702-242-6391 fax
Landauer Valuation & Advisory A division of Newmark Grubb Knight Frank 3930 Howard Hughes Pkwy, Suite 180 Las Vegas, NV 89169	Vogt Santer Insights 1310 Dublin Road Columbus, Ohio 43215 614.224.4300 http://vogtsanterinsights.com/
Mathews Appraisal 3143 S. 840 E Suite 335, St. George, UT 84790 (435) 767-9643 chris@mathewsappraisalinc.com	

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Appendix B-1 NEW CONSTRUCTION

Required Energy Analysis Form

PROJECT NAME _____

PROJECT ADDRESS _____

Total Number of Units: _____ **No of Buildings** _____

Unit Distribution

1st Floor 1 BR _____ 2 BR _____ 3 BR _____

2nd Floor 1 BR _____ 2 BR _____ 3 BR _____

3rd Floor 1 BR _____ 2 BR _____ 3 BR _____

4th Floor 1 BR _____ 2 BR _____ 3 BR _____

Unit Size in Sq Ft

1 BR _____ 2 BR _____ 3 BR _____

Note where in project plans the requirements below are included

If information is on a plan sheet, note page number, if in separate report, note the Report Title

Mechanical equipment	Minimum Requirement	Project Use Y - N - N/A	Where Documented? PLANS PAGE # or Report
ACCA Manual J/S or equivalent Sizing Report	Required, please attach report with submittal		
Return Air Balancing System	In dwelling units with ≥ 2 BRs, pressure difference with BR door closed and air handler running is ≤ 3 pascals.		
Conventional Forced Air Furnace	≥ 92 AFUE NORTHERN ≥ 90 AFUE SOUTHERN		
Split System Central A/C and Air source heat pumps up to 135,000 Btuh	≥ 14 SEER NORTHERN ≥ 15 SEER SOUTHERN		
Thermostatic Expansion Valves in AC	Required		
HVAC System Leakage	≤ 6 cfm or less/100 sq ft living space		

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Combination Space Heating/Water Heater	≥ 80% Recovery Efficiency and 0.65 Energy Factor		
Water Heater Only	≥ 0.65 Energy Factor Residential		

	≥ 82% Thermal Efficiency Commercial		
Spot Ventilation and Mechanical Fresh Air Ventilation System	Meet ASHRAE Standard 62.2, 2010 Ventilation for Acceptable Indoor Air Quality		
Combustion Appliances inside conditioned space	Power vented or direct-power vented unit. Combustion air drawn from exterior of building only, no attic intakes.		

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Hot Water Conservation Requirements – please check to verify use in project

- Showerheads - Use ≤2.0 gallons per minute
- Faucets - Use ≤1.5 gallons per minute
- Toilets – WaterSense use ≤ 1.28 gallons per flush

Building Envelope	Northern, Rural	Southern	Project Use Y - N - N/A	Where Documented? PLANS PAGE # OR Report
Attic /Ceiling	R49	R38		
WALLS	R22/ R24 L. Tahoe	R20 or 13+5		
BAND JOISTS	R22/ R24 L. Tahoe	R20 or 13+5		
FLOORS OVER CRAWL SPACES	R30	R19		
SLAB FOUNDATIONS	R10 Perimeter	NA		
WINDOWS	Energy Star Qualified	Energy Star Qualified		

Lights Appliances	Requirement	Project Use in Dwelling Units Y - N - N/A	Make & Model # (if known)
Ceiling Fans	Reversible, Energy Star Qualified, both fan motor and light kit		
Light Fixtures	Energy Star Qualified		

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Refrigerators	Energy Star Labeled		
Dishwashers	Energy Star Labeled		
Clothes Washers	Energy Star Labeled		

Note on Prescriptive Building Envelope Efficiency Minimums

In order to complete the energy use analysis, please provide information as it pertains to this project. Efficiency must be equal to or greater than required minimums, unless an energy use analysis using an approved method demonstrates that the building and individual unit energy performance is equal to or greater than the EPA Energy Star Home program.

Please attach:

Site plan, building and unit floor plans, elevations, mechanical plans, window and door schedules, plumbing plans and electrical plans.

Please answer these questions for units / dwellings in the project

Flat Ceiling Height () 8 Ft () 10 Ft () Other _____ ft

Foundation Type:

() Slab () Crawl () Other- describe _____

Slab Foundations Only:

Type of Insulation if applicable _____

Any Cantilever Floor area? () No () Yes _____ R Value _____

Any Floor Area Over Garage? () No () Yes _____ R Value _____

Crawlspace Foundations Only:

Is Crawl Space Vented? () Operable vents () Unvented () Open

Total Crawl Height _____ ft Height below grade only _____ ft

Ceiling Type & Insulation:

Roof Type () Tile () Asphalt () Other _____ Framing 2x _____ : _____ oc

Roof Pitch () 4 in 12 () 5 in 12 () Other _____

Insulation Type: _____

Where is insulation located? () on ceiling () under roof sheathing

Is Attic Vented? () No () Yes

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Vault Ceilings on top floor? () No () Yes

Roof Exterior Color () Light () Medium () Dark **Radiant Barrier** () Yes () No

Exterior Wall Type & Insulation:

() Standard Stud Frame () Other _____ () 2x4 () 2x6 () Other _____

Insulation Type: _____

Will foam board be applied as exterior sheathing? () Yes () No

Mechanical Systems – Dwelling Units

Heating Systems

Type () Furnace () Combo w/Water Heater () Other _____

Manufacturer _____ **Model** _____

Fuel Type () Natural gas () Propane _____ **Location** _____

Efficiency _____ **Size (s)** _____

Cooling Systems

Manufacturer _____ **Model** _____

Size (s) _____ **ton** **Efficiency** _____ **SEER** _____

Hot Water Heaters

Manufacturer _____ **Model** _____

Energy Factor _____ **Thermal Efficiency or Recovery Efficiency** _____

Type () Tank () Tankless **Location:** _____ **Size** _____ gal

() Residential () Commercial

Return Air System in dwelling units with more than 1 BR

() Transfer Grilles () Jump Ducts () Other _____

Heating and Cooling System Ducts

Supply Ducts Location _____ R _____

Type () Flex duct () Other _____

Return Ducts Location _____

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Type () Flex duct () Other _____

ASHRAE 62.2 Exhaust Fans & Ventilation Equipment - 1. Continuous mechanical ventilation required for dwelling with an occupant controlled, labeled, On/Off switch; **2.** Exhaust ventilation required in kitchen and baths

Continuous mechanical ventilation type: () Exhaust Fan () Other _____

Manufacturer _____ Model # _____

If using exhaust fan, must run 24/7 at required CFM or have programmable cycle timer to meet requirement intermittently. Occupant controlled on/off switch must be included in separate location from other lighting or fan controls.

Kitchen exhaust: Manufacturer _____ Model # _____

Must be Energy Star range hood, required to exhaust 100 CFM and be verified by testing

Bath 1 exhaust: Manufacturer _____ Model # _____

Must be Energy Star fan, required to exhaust 50 CFM and be verified by testing

Bath 2 exhaust: Manufacturer _____ Model # _____

Must be Energy Star fan, required to exhaust 50 CFM and be verified by testing

Appendix B-2 ACQUISITION REHABILITATION

Required Energy Analysis Form

PROJECT NAME _____

PROJECT ADDRESS _____

YEAR OF CONSTRUCTION _____

Total Number of Units: _____ **No of Buildings** _____

Unit Distribution

1st Floor 1 BR _____ 2 BR _____ 3 BR _____

2nd Floor 1 BR _____ 2 BR _____ 3 BR _____

3rd Floor 1 BR _____ 2 BR _____ 3 BR _____

4th Floor 1 BR _____ 2 BR _____ 3 BR _____

Unit Size in Sq. Ft

1 BR _____ 2 BR _____ 3 BR _____

Please submit completed form with: site plan, building and unit floor plans

PRE-IMPROVEMENT

Please complete this checklist of all planned energy improvements. Note on Efficiency Minimums: In order to complete the energy use analysis, please provide information as it pertains to this project. The efficiency of all replacement components must be equal to the required New Construction minimum requirements, unless an analysis using an approved method demonstrates that it would not be cost effective. The age of newly installed components will also be given consideration, please note any components that were installed less than five years ago.

MECHANICAL EQUIPMENT	PLANNED IMPROVEMENT
Conventional Forced Air Furnace	
Split System Central A/C and Air source heat pumps up to 135,000 Btuh	
Thermostatic Expansion Valves in AC	
Combination Space Heating/Water Heater	
Water Heater Only	
HVAC System Leakage	Required to be \leq 10 cfm or less/100 sq ft living space
Combustion Appliances inside conditioned space? Y or N	

Mechanical Ventilation Requirements:

ASHRAE 62.2 Exhaust Fans & Ventilation Equipment – 1. Continuous mechanical ventilation required for dwelling with an occupant controlled, labeled, On/Off switch; 2. Exhaust ventilation required in kitchen and baths.

Continuous mechanical ventilation type: () Exhaust Fan () Other _____

Manufacturer _____ Model # _____

If using exhaust fan, must run 24/7 at required CFM or have programmable cycle timer to meet requirement intermittently. Occupant controlled on/off switch must be included in separate location from other lighting or fan controls.

Kitchen exhaust: Manufacturer _____ Model # _____

Must be Energy Star range hood, required to exhaust 100 CFM and be verified by testing. If existing dwellings do not have kitchen exhaust, additional options will be discussed.

Bath 1 exhaust: Manufacturer _____ Model # _____

Must be Energy Star fan, required to exhaust 50 CFM and be verified by testing

Bath 2 exhaust: Manufacturer _____ Model # _____

Must be Energy Star fan, required to exhaust 50 CFM and be verified by testing

LIGHTS & APPLIANCES	PLANNED IMPROVEMENT
Ceiling Fans	
Light Fixtures	
Refrigerators	
Dishwashers	
Clothes Washers & Dryers (in units)	

WATER USE	PLANNED IMPROVEMENT
Showerheads - GPM	
Faucets - GPM	
<u>WaterSense Toilets (Y or N)</u>	

BUILDING ENVELOPE	PLANNED IMPROVEMENT
Attic /Ceiling INSULATION R VALUE, TYPE	
EXTERIOR WALL INSULATION R VALUE, TYPE	
BAND JOIST INSULATION R VALUE, TYPE	
FLOORS OVER CRAWL SPACES R VALUE, TYPE	
SLAB FOUNDATIONS R VALUE	
WINDOW TYPE U and SHGC	