

2024-2025 QAP POST-AWARD MANUAL



Arizona
Department
of Housing

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I. Introduction

The Arizona Department of Housing (ADOH) Post-Award Manual (Manual) provides administrative policies and requirements for Low-Income Housing Tax Credit (LIHTC) projects awarded through the 2024-2025 Qualified Allocation Plan (QAP). Per Section VII(A) of the 2024-2025 QAP all 2024-2025 LIHTC projects are required conform with applicable administrative policies herein. ADOH reserves the right to request additional documentation as necessary.

II. Administrative Policies

A. 9% Carryover Allocation Request

All 9% LIHTC projects opting to carryover their LIHTC reservation must submit the following documentation by October 31st of the year of tax credit award:

1. **Tab A - Written Request:** to carryover LIHTC allocation.
2. **Tab B - Threshold Documentation:** requested in Attachment A of Reservation Letter.
3. **Tab C - Updated Ownership Entity Signature Block (if applicable):** if changed since initial application.
4. **Tab D - Ownership Entity Documentation (if applicable):** if ownership entity was not duly formed at the time of application owners will be required to submit the following documentation. Evidence that the ownership entity is a duly formed legal entity with authorized to transact business in the State of Arizona and demonstrates good standing with the Arizona Corporation Commission or the Office of the Secretary of the State of Arizona.
5. **Tab E - Ownership Contact Information (if applicable):** if ownership entity was not duly formed at the time of application owners will be required to submit ownership contact information and include the primary contact name, address and tax identification number.
6. **Tab F - An ASTM E 1527-13 Phase I Assessment:** (with asbestos and lead paint reports for rehabilitation projects). Owners may request an extension for the submission of environmental reports, if additional time is required.

B. 9% LIHTC Plan Submittal

ADOH will require evidence that the building plans have been submitted to the local jurisdiction by December 31st of the calendar year of the 9% tax credit awards. ADOH will require written evidence of submittal to the local jurisdiction along with written confirmation from the local jurisdiction that they received the plans. In the event the Applicant does not meet this deadline, a late fee will be assessed until the evidence of plan submittal is received. Tribal projects not required to submit building plans to a local jurisdiction should submit evidence of completion of the bid set.

C. 9% LIHTC Construction Start Date

ADOH will require evidence that construction/rehabilitation of the project is underway by December 31st of the subsequent calendar year of the initial 9% tax credit awards. Principals who do not meet the mandatory construction start date will not be allowed to apply for 9% tax credits in the next funding

round. ADOH will require evidence that construction/rehabilitation is underway – a copy of the signed construction contract, the notice to proceed, and other applicable evidence will be required.

D. 9% LIHTC Ten Percent (10%) Test

The IRS requires that Owners of Projects receiving a Tax Credit Allocation which are not Placed in Service in the year their Allocation is made must meet the Ten Percent (10%) Cost Test to have a valid Carryover Agreement.

To satisfy the Ten Percent (10%) Cost Test, the Owner must demonstrate it has incurred or expensed, by the deadline date stipulated in the Carryover Agreement, qualified costs in an amount that is at least ten percent (10%) of the reasonably expected basis in the Project (including land costs). If I.R.C. § 42(h)(1)(E)(ii) is more restrictive, it will govern.

The following items are required to be submitted for the Ten Percent (10%) Cost Test.

1. **Tab A - Updated Underwriting Workbook**
2. **Tab B – Independent auditor’s report** (*ADOH Form Exhibit 1*)
3. **Tab C – Certification of costs incurred** (*ADOH Form Exhibit 2*)

E. Material Change Requirements

Projects subject to the material change requirements per 2024-2025 QAP Section VII, must submit the following applicable documentation.

1. **Tab A – Written Request:** owner must submit a written request to ADOH explaining the change and the reasons justifying the change.
2. **Tab B - ADOH Underwriting Spreadsheet and Application Workbook:** with revisions made to all tabs with project modifications since initial application.
3. **Tab C - Updated Funding Sources:** if sources have changed since the time of initial application, owners must include executed commitment letters for all funding sources. The commitment letters must comply with 2024-2025 QAP Section VI(B)(5).

F. Subsidy Layering Request

Owners requesting ADOH complete a subsidy layering review, as applicable for federally funded projects must submit the following documentation. Please note that all third party reports are required to list ADOH, the Local Government providing the Federal funds, and HUD as authorized users in the reliance provision of the report.

1. **Tab A - ADOH Underwriting Spreadsheet and Application Workbook:** with revisions made to all tabs with project modifications since initial application.
2. **Tab B - HUD Decision Memorandum:** submit completed Appendix E and Attachment A workbooks.
3. **Tab C - Narrative Description of the Project:** includes the total number of units, type of unit by bedroom distribution, and the portion and type of units receiving assistance.
4. **Tab D - Funding Sources:** if sources have changed since the time of initial application, owners must include executed commitment letters for all funding sources, other than ADOH loans and LIHTC equity. The commitment letters must comply with 2024-2025 QAP Section VI(B)(5).

5. **Tab E - Historic Tax Credits:** include the amount of credit (as applicable).
6. **Tab F - Equity Investment Commitment Letter:** include amount of Investment and Equity Contribution Schedule showing amount and timing.
7. **Tab G - Bridge Loan Details / Construction Loan Details:** includes the executed commitment letter or applicable loan documents.
8. **Tab H - Appraisal Report:** establishing the "as is" value of the property before construction or rehabilitation, and without consideration of any financial implications of tax credits or project based rental certificate assistance. Please note: ADOH, HUD, and the City have to be authorized/intended users of the report and it must be clearly stated on the report or an intended user letter must be included.
9. **Tab I - PHA Notification of Approved Rent to Owner** (if applicable)
10. **Tab J - PHA Approval of PBA Voucher Assistance for Project**
11. **Tab K – Form HUD-288o Applicant/Recipient Disclosure/Update Report**
12. **Tab L - Initial Contract Rents**
13. **Tab M - Housing Authority Letter:** confirming gross contract rents with applicable tenant utility allowances (Form HUD-92273)

G. LURA and Consent to Subordination Agreement

The LIHTC Declaration of Affirmative Land Use and Restrictive Covenants Agreement (LURA) and Consent and Subordination Agreement/s (Consent) shall be executed and recorded prior to equity closing. Consent/s are required for all permanent funding sources. ADOH will begin drafting the project's LURA and Consent/s once the Carryover is submitted for 9% projects or the 42(m) is issued for 4% projects. Owners may request draft LURA and Consent/s earlier if needed. In limited instances under Department discretion waivers to this requirement will be considered on a case-by-case basis, but no later than 8609 Submission.

H. 8609 Submission Requirements

All 2024-2025 LIHTC projects are subject to the below 8609 submission requirements. Additionally, please note that projects are required to submit the 8609 Submission to the Department within twelve (12) months of construction completion as dated on the Certificates of Occupancy. The Department will issue a \$250 per day late fee for all 8609 Submissions received after twelve (12) months of construction completion.

1. **Tab A - Finalized Application Workbook**
2. **Tab B - Finalized Underwriting Workbook**
3. **Tab C - Affirmative Fair Housing Marketing Plan (HUD Form 935-2a):** which may be obtained through the following website: <https://www.hud.gov/sites/documents/935-2A.PDF>
4. **Tab D – Title Report**
5. **Tab E – Updated Appraisal Report:** prepared by permanent lender
6. **Tab F - Certificates of Occupancy:** issued by the appropriate governmental authorities, for qualifying buildings that must indicate the dates the buildings were Placed in Service and the addresses of those buildings. Please also include the temporary certificates of occupancy if those

will be used to determine the placed in service date on the Form 8609; if the project is a rehab, and did not receive a certificate of occupancy, please include a certificate of completion or other verification the unit was rehabilitated.

7. **Tab G - Final Funding Sources:** if sources have changed since the time of initial application, owners must include executed commitment letters or other funding source documents for all funding sources, other than ADOH loans and LIHTC equity. The commitment letters must comply with 2024-2025 QAP Section VI(B)(5).
8. **Tab H - Final Executed Partnership or Operating Agreement**
9. **Tab I - Final Cost Certification**
10. **Tab J - Table A – Building Tax Credit Computation**
14. **Tab K - Equity Investor Certification**
15. **Tab L - Contractor Certification**
16. **Tab M - Settlement Statement**
17. **Tab N - As built survey, drawings and specifications**
18. **Tab O – Architect’s Certification:** certification from the architect that the project was built according to the plans and specifications and complies with the QAP.
19. **Tab P – Placed in Service Acknowledgement**
20. **Tab Q – First Credit Year Certification**
21. **Tab R – CPA Certification 50% Test (4% LIHTC Only)**
22. **Tab S – LURA Confirmation (Tribal Projects):** projects on Tribal Land shall submit evidence that the LURA was submitted to the Bureau of Indian Affairs for recording.
23. **Tab T – Energy efficiency certification documentation:** 9% projects are to provide documentation as selected at initial application. 4% projects are to provide a HERS index of sixty-five (65) or better, and 4% rehabilitation projects are to provide documentation reflecting fifteen percent (15%) reduction in energy usage of the existing building condition per QAP Exhibit A Mandatory Design Standards Section IX(S).
24. **Tab U – Certification of Bond Financed Project (4% projects only)**
25. **Tab V – Most recent HAP Contract or Other Rental Assistance (if applicable)**
26. **Tab W – Indemnification / Certification Form**
27. **Tab X – Other Documentation:** Any other documentation that was selected at application that needs confirmation at 8609 submittal (as applicable).

I. Rental Portal Submission Instructions

All documentation must be submitted electronically through the [Rental Portal](#) with the applicable fee per 2024-2025 QAP Section II (F) or as stated herein.