

2022 and 2023 POST-AWARD MANUAL



Arizona
Department
of Housing

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I. Introduction

The Arizona Department of Housing (ADOH) Post-Award Manual provides administrative policies and requirement for Low-Income Housing Tax Credit (LIHTC) projects awarded through the 2022-2023 Qualified Allocation Plan (QAP). Per Section VII(A) of the 2022-2023 QAP all 2022-2023 LIHTC projects are required conform with applicable administrative policies herein.

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 associated allocation year:

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% 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*)

C. 9% Equity Closing Requirements

ADOH has revised the 2022-2023 QAP and an equity closing submission is no longer required for 2022-2023 9% LIHTC projects.

D. Material Change Requirements

Projects subject to the material change requirements per 2022-2023 QAP Section VIII, 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 2022-2023 QAP Section VI(A)(5).

E. 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 2022-2023 QAP Section VI(A)(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)

F. 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) must be executed and recorded prior to 8609 approval. Consent/s are required for all permanent funding sources. ADOH will begin drafting the project's LURA and Consent/s once the 8609 package is submitted. Owners may request to execute and record project LURA and Consent/s prior to 8609.

G. 8609 Package Requirements

All 2022-2023 LIHTC projects are subject to the following 8609 submission requirements:

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 2022-2023 QAP Section VI(A)(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.

H. Submission Instructions

All documentation must be submitted electronically through the [Rental Portal](#) with the applicable fee per 2022-2023 QAP Section II (F).