

# 2025 Qualified Allocation Plan

## Chicago Department of Housing



# CITY OF CHICAGO

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### 2025 Qualified Allocation Plan (QAP)



# Disclaimer

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The illustrations included within this document are intended merely to assist in navigating the various requirements and architectural/technical standards; to aid staff during the plan review for projects participating in DOH programs and activities; and to add clarity and transparency to designers responding to DOH design review comments.

This document is not meant to offer a design template, but rather to document and illustrate some of the design controls and potential outcomes. The Architect of Record is responsible to ensure a project is designed in a manner to comply with the applicable laws, regulations, codes, and design standards including, but not limited to, those related to non-discrimination.







# CITY OF CHICAGO 2025 QUALIFIED ALLOCATION PLAN

## I. Introduction

### A. Authority and Purpose of the QAP

The Low Income Housing Tax Credit Program (“LIHTC Program”) was instituted by the Tax Reform Act of 1986, as set forth under Section 42 (the “Section 42”) of the Internal Revenue Code of 1986 (the “Code”). Section 42 authorizes local housing finance agencies to allocate Low Income Housing Tax Credits (“LIHTC”) to qualified rental housing developments. The City of Chicago (the “City”) administers the LIHTC Program through its Department of Housing (the “Department”).

This LIHTC Qualified Allocation Plan (this “QAP”), as required under Section 42(m), establishes the priorities and selection criteria for the allocation of LIHTC by the Department and administration of the LIHTC Program until a subsequent allocation plan has been adopted by the City or until the LIHTC Program is terminated. Capitalized terms used herein and not otherwise defined in the QAP shall have the meanings given such terms in Section XIII. As used in this QAP, unless the context clearly requires otherwise: (i) words of any gender include all genders; (ii) the singular includes the plural and vice versa; (iii) “including” means “including without limitation”; (iv) references to any agreement, law, or document include amendments and supplements thereto; (v) references to a person or entity include successors and permitted assigns; (vi) headings are for convenience only and shall not affect interpretation; and (vii) defined terms shall be interpreted consistently throughout this QAP, and in the event of any inconsistency between an inline definition and a definition set forth in Section XIII, the definition in Section XIII shall govern unless explicitly stated otherwise.

All references to statutes, regulations, and guidance from the United States Department of Treasury or the Internal Revenue Service (“IRS”) shall be deemed to include any subsequent amendments or modifications. The Department reserves the right to modify this QAP to reflect changes instituted by law and the IRS and to reflect changes in the City’s priorities and selection criteria in connection with the allocation of LIHTC.

### B. Department of Housing Mission and Vision

The mission of the Department is to expand access and choice for residents and protect their right to quality homes that are affordable, safe, and healthy.

The Department accomplishes its mission by ensuring the fair distribution of resources across all 77 official community areas of the city of Chicago so that every Chicagoan can choose and remain in quality housing that is affordable, safe, and healthy.

### C. Directives and Policies Guiding the QAP

The QAP outlines priorities for developing and rehabilitating properties serving as affordable rental housing in alignment with City housing goals and broader policy objectives.

#### i. Code Required Selection Criteria and Preferences

Section 42(m) of the Code requires the City to include the following selection criteria in the QAP:

- i. Project location;
- ii. Housing need characteristics;

- iii. Project characteristics, including whether the Project involves the use of existing housing as part of a concerted Community Revitalization Strategy;
- iv. Sponsor characteristics;
- v. Tenant populations with special housing needs;
- vi. Public housing waiting lists;
- vii. Tenant populations of individuals with children;
- viii. Projects intended for eventual tenant ownership;
- ix. Energy efficiency of the Project;
- x. Historic nature of the Project.

Section 42(m) of the Code requires the City to give preference in allocating LIHTC 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 the Code (“QCTs”) and the development of which contribute to a concerted community revitalization plan.

## ii. Department/City Policy Priorities

Mayor Brandon Johnson’s administration (the “Administration”), in collaboration with the Department, has set forth an ambitious agenda to create a more fair, accessible, and sustainable housing market that prioritizes affordability, stability, and community-driven development. The Administration is investing in the preservation of existing affordable housing and neighborhood assets while expanding housing opportunities citywide. Below are the key policy priorities driving this effort:

### a. Build Better Together Initiative

Through the [Build Better Together initiative](#), the City of Chicago is committed to fostering inclusive and sustainable housing development. This strategy is structured around three foundational pillars:

- *Quality and Affordable Housing for All*: Ensuring the development and preservation of a variety of affordable housing options to meet the needs of all residents.
- *Business Innovation and Job Growth*: Promoting entrepreneurship, supporting local businesses, and creating employment opportunities to drive economic vitality.
- *Neighborhood Investments and Vibrant Communities*: Strengthening public-private partnerships and fostering cross-departmental collaboration to ensure cohesive and effective community development that invests in local infrastructure, cultural assets, and community programs.

### b. Cut the Tape

The Administration’s Cut the Tape initiative, launched in December 2023, influenced updates to Chicago’s QAP and ATSM, with the goal of streamlining affordable housing development by eliminating administrative barriers.

As detailed in the 2024 [Cut the Tape report](#), over 100 recommendations were issued to improve interagency coordination, accelerate project approvals, and increase transparency across development processes. In response, DOH has revised the QAP to establish clearer review timelines, reduce duplicative documentation requirements, and prioritize projects that align with affordability and equity goals. Additionally, DOH is in the process of updating the ATSM to clarify design expectations and modernize construction guidelines—all with the intent of minimizing costly delays during the design and construction phases of development.

### c. Leveraging Public Land for Affordable Housing Opportunities City-wide

The City recognizes the strategic importance of publicly owned land in advancing affordable rental housing development. As a matter of policy, development proposals that incorporate the use of public

land are strongly encouraged. Leveraging public land can reduce overall development costs, enhance project feasibility, and facilitate alignment with broader City policy priorities. To support strategic land use and public investment coordination, the City will prioritize and preference development proposals that make effective use of public land, including City-owned, sister-agency-owned, and Chicago Housing Authority-owned land, as described in Section IX. Any proposal for such land is expected to be aligned with any relevant development framework, design vision, or other local planning documents which may exist. A non-exhaustive selection of City-owned parcels with recently published development frameworks include [18<sup>th</sup> Street & Peoria Street](#) and [3214-54 North Wilton Avenue](#).

#### *d. Permanent Supportive Housing*

The Administration is committed to expanding and enhancing Permanent Supportive Housing for Chicago's most marginalized populations, including individuals and families experiencing homelessness and facing housing instability, as well as those facing physical disabilities, experiencing mental health and substance use challenges, returning from institutions such as jail or prison, or surviving gender-based violence or human trafficking. Initially through the 2023 QAP, the Department prioritized Permanent Supportive Housing to drive the development of supportive, deeply affordable housing. Building on that foundation, the 2025 QAP takes this commitment further and dedicates targeted funding to increase the supply of Permanent Supportive Housing in Chicago.

## **II. General Provisions**

### **A. Changes to the QAP**

If any part of the QAP fails to comply with Section 42 or other applicable laws, only that portion is non-compliant and deemed severed from the QAP; the rest of the QAP remains effective. The City may amend or update any QAP provisions, including attachments, at any time to administer the LIHTC Program.

### **B. City Rights**

The City may:

- Make 9% LIHTC reservations in an amount above \$1,800,000 per Project;
- Limit the number of Projects recommended for LIHTC or City Financial Assistance for any Sponsor or Projects related to any Participant or principal affiliated with any Participant, which includes, but is not limited to, Sponsors who were previously awarded or recommended to receive LIHTC or City Financial Assistance and have not closed on those Projects;
- Accept, and consider for funding with City Financial Assistance, in its sole discretion and in accordance with Section VI.B, Common Applications that contemplate checkerboard twinning to support a Common Development Plan when LIHTC proposed in connection with such activity are allocated by the Illinois Housing Development Authority;
- Limit the number of Projects recommended for LIHTC or City Financial Assistance in any area where the City has previously allocated or awarded City Financial Assistance;
- Make LIHTC reservations from the City's portion of the annual state housing credit ceiling (the "Credit Ceiling") from the upcoming calendar year (a "Forward Commitment") under the QAP;
- Deny any request for a Carryover Allocation of 9% LIHTC in its sole discretion;
- Verify any Common Application, Preliminary Project Application, or Full Project Application information;
- Limit bond volume cap to the amount needed to meet the 50% Test or underwriting requirements;
- Restrict or eliminate bond volume cap for conduit bond transactions;
- Initiate future amendments to this QAP to reflect changes instituted by law and the IRS and to reflect changes in the City's priorities and selection criteria in connection with the allocation of LIHTC;

- Permit, in its sole discretion, an Owner or Sponsor who has initially applied for an Allocation of 9% LIHTC to subsequently revise the development proposal financing structure to include 4% LIHTC generated from tax-exempt private activity bond financing;
- Permit, in its sole discretion, an Owner or Sponsor who has initially applied for an allocation of 4% LIHTC generated from tax-exempt private activity bond financing to subsequently revise the development proposal financing structure to include 9% LIHTC;
- When the Department announces a LIHTC application round (a “Funding Round”), elect to establish one objective or subgroup of objectives from the selection criteria and preferences as the sole program objective(s) for that Funding Round;
- Waive or reduce any fees or penalties assessed or imposed in connection with the LIHTC Program or City Financial Assistance if such waiver or reduction is in the best economic interest of the City in its sole discretion;
- Review local and state fair housing analyses and prioritize development proposals that further fair housing; and
- Require that a Sponsor obtain and submit any information or report it reasonably deems necessary in furtherance of its consideration of any request or conditional award of City Financial Assistance (including without limitation, an energy audit report or an appraisal report).

### C. City Limitations

The LIHTC Program is complex and subject to evolving regulations. Sponsors and Owners must understand Section 42 of the Code, IRS regulations, and relevant guidance. Sponsors and Owners should consult a tax accountant or tax attorney before submitting a Preliminary Project Application or Full Project Application or before developing Projects.

The City reviews development proposal and application documents only for the purpose of determining eligibility for LIHTC or City Financial Assistance and does not provide tax or legal advice. An Allocation of LIHTC from the City does not constitute a determination or representation by the City of compliance with Section 42 or other regulations; compliance is the responsibility of the Sponsor and Owner.

No agent or employee of the City will be personally liable concerning any matters in relation to the LIHTC reservation, LIHTC Allocation or for monitoring for compliance with the LIHTC Program. The Department’s obligation to monitor for compliance with the requirements of Section 42 does not make the Department liable for an Owner’s non-compliance.

### D. Applicant Disclosures

#### i. Limitation of Acceptance of Submission

The City’s acceptance of a Preliminary Project Application or Full Project Application is not a representation or warranty of a Project’s feasibility or viability.

#### ii. Sharing of Information with Third Parties and Governmental Entities

The City shall have the right, without notice to or consent from the Sponsor, the Owner, or any other party, to share information about the Sponsor, the Owner, or the Project with any third party, including without limitation any general or limited partner, member, or shareholder or any entity or individual with a direct or indirect interest in the Owner, any party providing any funds to or on behalf of the Owner or Project, or any other governmental entity.

#### iii. Disclosure of Information Pursuant to Illinois Freedom of Information Act

Materials and documents submitted in connection with any development proposal are subject to the Illinois Freedom of Information Act (5 ILCS 140/1 et. seq., as amended) (“FOIA”) and may be open for public inspection, copying, or otherwise be made publicly accessible. Any claim with respect to the



exemption of any information submitted in connection with any development proposal from any FOIA requirements must be identified with a specific statutory basis and explanation. The City will decide FOIA exemption eligibility in its sole discretion.

#### iv. Notification of Elected Officials

The City may send correspondence or engage in communications to notify publicly elected officials or public agencies of any Preliminary Project Application or Full Project Application. The Owner or Sponsor may be required to respond if the correspondence or communications generate questions or comments.

### E. Fair Housing Act and Other Fair Housing Law

#### i. Fair Housing Act

All Projects must comply with the Fair Housing Act (42 U.S.C. 3601-3619), which HUD enforces to prohibit housing discrimination based on race, color, religion, sex, disability, familial status, or national origin. More information is available on the [HUD website](#).

#### ii. Other Fair Housing Law

All Projects must comply with all applicable federal and local (state, city, county, or other relevant jurisdiction) fair housing laws and regulations, which include, but are not limited to, the following:

- [The Just Housing Amendment to the Cook County Human Rights Ordinance](#);
- [The Illinois Landlord and Tenant Act](#);
- [The Chicago Residential Landlord and Tenant Ordinance](#);
- The Violence Against Women Act (“VAWA”)

This obligation includes compliance with any amendments, implementing regulations, City or other local initiatives designed to support fair housing or tenant protection practices and compliance (including without limitation, the City’s SAFE Transfer Pilot program) and guidance issued under these laws, as well as any additional fair housing or tenant protection laws not explicitly described herein.

### F. Affirmatively Furthering Fair Housing

In furtherance of the Department’s mission, vision, and values, the Department administers the LIHTC Program affirmatively to ensure individuals and families with similar incomes in the same housing market area have equal housing access, regardless of race, color, religion, sex (including sexual orientation and gender identity), disability, familial status, age, source of income (including Housing Choice Vouchers), order of protection status, or national origin, as protected under federal, state, and local law.

Sponsors must pursue and implement affirmative fair housing marketing policies and related outreach to underserved populations and those least likely to apply to reside in completed Project units, including persons with disabilities, survivors of gender-based violence, and others who face systemic housing barriers. These efforts must be documented in a completed Form HUD-935.2A or a plan substantially similar in content and format, subject to approval by the Department in its sole discretion.

Tenant selection plans must support fair housing by applying clear, non-discriminatory screening criteria and complying with all applicable laws, including protections based on source of income and order of protection status. To promote housing access, plans must adopt a low-barrier approach that minimizes unnecessary screening obstacles and ensures fair treatment of all applicants, using the least restrictive screening criteria permitted by the Project’s funding sources and applicable regulations. Plans must either include or be supplemented by a VAWA Adherence Plan, subject to approval by the Department. Tenant selection plans must include procedures for reasonable accommodations, consider mitigating

circumstances such as those related to domestic violence or medical conditions, and use fair, individualized criminal background screening practices in alignment with the Just Housing Amendment to the Cook County Human Rights Ordinance. Plans must incorporate trauma-informed practices and VAWA-compliant emergency transfer policies. Selection procedures must align with the Project's affirmative marketing strategy and explain how referrals, including those from the Coordinated Entry System, service providers, or other systems of care, will be handled. Plans must also be transparent, readily available to applicants, and clearly outline preferences, waitlist processes, and appeal rights. Where relevant, tenant selection and/or VAWA Adherence Plans shall also reflect coordination with the City's SAFE Transfer Pilot Program. Affirmative fair housing marketing, outreach, and tenant selection strategies should align with relevant local, regional, and federal fair housing plans and include engagement with:

- Housing locators and service providers within the Chicago Continuum of Care, including providers serving domestic violence survivors;
- Centers for Independent Living to ensure accessible application processes and effective outreach to people with disabilities;
- Community-based organizations that represent or serve members of protected classes under applicable law.

A list of Illinois Centers for Independent Living is available on the Illinois Department of Human Services website.

## G. Department Consideration, Factors, and Evaluation Criteria

### i. General Information

Allocations or reservations of LIHTC are contingent upon several factors including, but not limited to, the acceptability of the Preliminary Project Application, the acceptability of the Full Project Application, and any supporting documentation. The City will recommend Preliminary Project Applications to proceed to the Full Project Application stage and select Full Project Applications for conditional approval of a LIHTC or City Financial Assistance award that the City determines best meet the most pressing affordable housing needs of Chicago, taking into consideration:

- All of the requirements, considerations, factors, limitations, criteria, selection preferences, set asides, priorities, and data (including without limitation any statistical or compliance monitoring data regarding previous LIHTC Allocations or City Financial Assistance awards related to any Project Participant) set forth in this QAP, the current form of the City of Chicago Underwriting Standards Guide, the current form of the City of Chicago Architectural and Technical Standards Manual ("ATSM"), and all federal, state, and local requirements.
- All other information provided to or possessed by the City regarding the Project or any Project Participant.

Accordingly, the preferences and evaluation criteria set forth in this QAP do not represent all considerations that the City takes into account and do not control the selection of Projects that are conditionally approved for a LIHTC award and/or City Financial Assistance award subject to further underwriting.

### ii. Threshold Requirements

"Threshold Requirements" shall mean the minimum eligibility criteria that a Participant or development proposal must meet in order to be considered for funding under this QAP. Subject to Section VII.A, these requirements are **non-negotiable** and must be fully satisfied by the time of Full Project Application



submission unless otherwise specified by the QAP. Failure to meet any Threshold Requirement will result in the development proposal being deemed ineligible and excluded from further review.

Threshold Requirements are established to ensure that Participants and development proposals meet baseline standards of **readiness, capacity, compliance, feasibility, and policy alignment**, and include the following:

- Submission of a complete and compliant Preliminary Project Application in accordance with Section VI and the Preliminary Project Application checklist;
- Submission of a complete and compliant Full Project Application in accordance with Section VIII and the Full Project Application checklist;
- Evidence of site control in accordance with Section VIII.C;
- Zoning verification or confirmation of zoning compatibility in accordance with Section VIII.D;
- Environmental review readiness in accordance with Section VIII.G;
- Minimum development team experience and qualifications in accordance with Section VIII.M;
- Good standing with state, federal, and local agencies;
- Financial feasibility, including evidence of financing and reasonable development costs, and in accordance with the Underwriting Standards Guide;
- All relevant Priority Track Threshold Requirements (as such term is defined in Section IX.A.ii) in connection with the development proposal;
- For proposals that do not meet the definition of Permanent Supportive Housing, the CoC Set-Aside Requirement in accordance with Section VIII.P.i.;
- For development proposals that meet the Permanent Supportive Housing definition, general supportive service plan in accordance with Section VIII.P.ii and any other threshold requirements outlined under the relevant Priority Track; and
- Commitment to waive the Qualified Contract in accordance with Section VIII.Q

### iii. Selection Preferences

“Selection Preferences” shall mean guiding policy priorities used to evaluate development proposals submitted under this QAP. These Selection Preferences reflect federal requirements and City housing goals and are applied qualitatively to determine the extent to which the development proposal aligns with the Department’s mission and vision as well as the City’s policy priorities. While no numerical scoring is applied, Selection Preferences serve as critical factors in formulating the Department’s review and funding recommendations. Section IX contains details about Selection Preferences.

## H. Fees

All fees are non-refundable. The fees set forth below will be assessed on all LIHTC Projects and all Projects requesting any City Financial Assistance. The Department does reserve the right to, in its sole discretion, waive or extend any application fee deadline when the Department deems such action to be in the City’s best economic or administrative interest. The Department also reserves the right to reduce any fees or penalties imposed if such waiver or reduction is in the best economic interest of the City. In addition, there may be other fees or costs required by the City that are not detailed in this QAP because such fees are not LIHTC-specific fees, e.g., certain tax-exempt bond fees and legal reserve costs, permit fees, etc. Additional fees that are not LIHTC-specific are described in the Underwriting Standards Guide. The City may adjust the amount of fees from time to time by ordinance in accordance with Section 42 and related regulations.

### i. Application Fees

**Application fees are due when the Preliminary Project Application is submitted to the Department.** Fees must be paid by check from the Sponsor entity only. Checks may be delivered in person, by mail, or by

courier service. If submitting the application fee payment by mail or courier, the envelope or package must be postmarked or time-stamped by the courier service no later than the Preliminary Project Application deadline date. All checks must be delivered to the Department's offices and received by the Department during normal business hours. If for any reason a Project does not move forward, the City will retain all application fees paid to the Department in connection with the Project.

The table below sets forth the application fees due when the PPA is submitted to the Department.

Sponsor Type	Application Fee
<b>Not-For-Profit Sponsor</b>	\$750
<b>For-Profit Sponsor *</b>	\$1,500

**\* - Joint ventures with for-profit and not-for-profit Sponsors will be considered for-profit Sponsors with respect to the application fee requirements.**

## ii. Compliance Monitoring Fees

In connection with the City's requirement to monitor Projects for compliance with Section 42 of the Code, an annual compliance monitoring fee of twenty-five dollars (\$25) per residential unit in the Project (regardless of whether the residential unit is a LIHTC unit) will be charged by the Department (the "Annual Compliance Monitoring Fee"). The Annual Compliance Monitoring Fee shall be payable and due in the manner prescribed by the Department's Construction and Compliance Bureau.

A penalty of twenty dollars (\$20) per residential unit (regardless of whether the residential unit is a LIHTC unit) will be assessed by the Department for each occurrence of a late submission of compliance monitoring information.

## iii. LIHTC Reservation Fees

When the City Conditionally Allocates LIHTC to support a Project, the LIHTC reservation fee paid to the City at financial closing shall equal five percent (5.0%) of the amount of the first full year's LIHTC Allocation.

## iv. Carryover Allocation Fees

For Projects expecting to receive LIHTC allocated from the Credit Ceiling, the Owner or Sponsor shall pay a Carryover Allocation fee of two hundred and fifty dollars (\$250) if the Project is not placed in service in the year the LIHTC were reserved, subject to relevant provisions for Carryover Allocations contained in this QAP. This fee is due upon submission of a request for a Carryover Allocation of LIHTC, or upon the closing of the financing for the Project, at the discretion of the Department.

## v. Tax Exempt Bond Issuer Fees

When the City issues tax-exempt private activity bonds to support a Project, the bond issuer fee paid to the City shall equal one-and-a-half percent (1.5%) or 15 basis points of the amount of the bonds issued at closing, provided such fee does not exceed the maximum amount permitted under Section 148 of the Code to avoid characterization of the bonds as "arbitrage bonds" as defined in Section 148 of the Code, and provided further that any fees imposed by the Department shall comply with Section 42 of the Code and any regulations promulgated thereunder and shall be determined by the Commissioner of Housing.

# III. Tax Credit Information

## A. Tax Credit Calculation

Pursuant to Section 42(m) of the Code, the Department ensures that LIHTC Allocations do not exceed the amount needed for Project feasibility. The Department calculates eligibility according to the projected



Qualified Basis of the Project and the Equity Gap Method, awarding the lesser amount determined by the Qualified Basis of the Project or the Equity Gap Method. The Department reviews Allocations from Preliminary Project Application through IRS Form 8609 issuance and may reduce LIHTC or City Financial Assistance as needed.

## B. 4% LIHTC Projects

All mandatory application components and all applicable Threshold Requirements apply to 4% LIHTC Projects unless waived or amended by the Department. Waivers will not be considered for application deadlines for the 2025 Funding Round. All Projects with a conditional award of 4% LIHTC must comply with the following, regardless of the bond issuer:

### i. Credit Ceiling

The amount of 4% LIHTC is determined by a combination of the Project's Eligible Basis and the amount of tax-exempt private activity bonds that are issued for the Project.

### ii. 4% LIHTC Allocation

#### a. 42(m) Letter

4% LIHTC Projects meeting QAP and Section 42(m)(1)(D) requirements will receive a 42(m) Letter, specifying the estimated annual LIHTC amount and conditions for IRS Form 8609 issuance. Required documentation includes:

- Market study required under Section 42 of the Code
- Tenant selection plan
- Form HUD-935.2A
- Election of Low Income Housing Tax Credit
- Gross Rent Floor Election Form

If a non-City issuer allocates the City's volume cap, the Sponsor must request a 42(m) Letter from the Department. This requires: (i) Compliance with QAP and application requirements; (ii) payment of any required fee(s); and (iii) submission of a preliminary determination letter (42(m)(2)(D) Letter) from the bond issuer, confirming the LIHTC amount and Project cost reasonableness.

#### b. Requests for Extension

The Department may approve an extension to meet the 42(m) Letter conditions at its discretion. Owners must submit a written request with an explanation. Extensions may incur late fees. Failure to meet the conditions or obtain an extension may result in Conditional Allocation revocation.

If the City is not the unit of government issuing the tax-exempt bonds, the Project must comply with the QAP. The bond-issuing unit of government must ensure allocated credits do not exceed the amount needed for project feasibility per Section 42(m)(2)(D).

### iii. Volume Cap Limits

The City reserves the right to limit bond volume cap to the amount needed to meet the 50% Test or underwriting requirements or restrict or eliminate bond volume cap for conduit bond transactions.

### iv. Basis Calculation

The Department may limit basis calculations for 4% LIHTC and tax-exempt bond Projects. Acquisition costs in Eligible Basis may be restricted based on recent sales, current rents, HUD fair market rents, LIHTC rent limits, or other factors determined by the Department. The Department will not underwrite the Project based on anticipated increased rents, including HUD rental assistance contract renewals. Exceptions may be granted at the Department's discretion. Waivers may be requested on a case-by-case

basis when additional equity generated is used for actual Construction Costs of the Project or at the Department's discretion.

#### v. Basis Boost

Projects that meet one of the following criteria are eligible for a Boost under the Code.

##### a. Code Provided Basis Boost

Projects in a Qualified Census Tract or Difficult Development Area are eligible for a Boost in accordance with Section 42. The latest HUD list or map published online identifies these areas. **4% LIHTC and tax-exempt bond Projects may apply with a Boost at the Preliminary Project Application stage; requests for a Boost will be considered a City Financial Assistance request.**

##### b. Discretionary Basis Boost

There is no Code provision for a discretionary Boost in connection with 4% LIHTC. Therefore, the City of Chicago may not provide a discretionary Boost to 4% LIHTC Projects.

#### vi. Maximum LIHTC Request

The maximum amount of 4% LIHTC for which a Project may apply is the **lesser** of: (i) the LIHTC amount supported by the Project's Eligible Basis; or (ii) the LIHTC amount supported by the Equity Gap Method.

### C. 9% LIHTC Projects

#### i. Credit Ceiling

In connection with the Credit Ceiling, the City of Chicago anticipates approximately \$8,239,164 in 9% LIHTC available for allocation to the City, in accordance with Section 42 and Treasury Regulation 1.42-14. The total LIHTC available for award from the Credit Ceiling may change if prior-year allocations are returned or if the City receives additional credits from the national pool.

#### ii. Basis Boost

Projects meeting the following criteria are eligible for a Boost under the Code. Applications cannot request a LIHTC Allocation based on a Boost or exceed the limits below.

**9% LIHTC Projects cannot apply with any Boost at the Preliminary Project Application stage; requests for a Boost will be considered a City Financial Assistance request and may be granted at the City's sole discretion.**

##### a. Code Provided Basis Boost

Projects in a Qualified Census Tract or Difficult Development Area are eligible for a Boost. The latest HUD list or map published online identifies these areas.

##### b. Discretionary Basis Boost

Pursuant to Section 42(d)(5)(B)(v), the City may consider a 9% LIHTC Project as if in a Difficult Development Area and grant a discretionary Boost and 9% LIHTC Allocation to any such Project when, **in the City's sole discretion**, a 9% LIHTC Project:

- Aligns with the Department's/City's Policy Priorities (see Section I.C), or
- Requires additional support in order for the City to effectively manage its resources or for financial feasibility, or
- Proposes mixed-income (market-rate and restricted affordable) rental housing in accordance with the provisions of the QAP and would otherwise be financially infeasible due to insufficient Qualified Basis for 9% LIHTC Allocation purposes, or



- Serves very low-income populations, or
- Features high costs of specific Project components.

### iii. Maximum Tax Credit Request

A Project may apply to the City for the **lesser** of: (i) \$1,800,000 in 9% LIHTC; or (ii) the LIHTC amount supported by the Project's Qualified Basis (net of a Boost); or (iii) the LIHTC amount supported by the Equity Gap Method.

## IV. Not-For-Profit Set-Aside

In accordance with Section 42(h)(5)(A) of the Code, each calendar year, the Department will Allocate a minimum of ten percent (10%) of the City's Credit Ceiling for Projects owned, directly or indirectly, by qualified not-for-profit organizations, as defined under Section 42(h)(5)(C) of the Code. To qualify for this set-aside, the qualified not-for-profit organization must have an ownership interest in the Project, directly or indirectly, and materially participate in the development and operation of the Project throughout the Compliance Period.

## V. Application Process

### A. General Information

All applications for 4% LIHTC and 9% LIHTC must adhere to the Department of Housing's two-step application process. Sponsors must first submit a Preliminary Project Application. If the Sponsor receives a notice of conditional approval of the Preliminary Project Application from the City, the Sponsor may then submit a Full Project Application. Required materials and evaluation criteria are detailed in Section VI and Section VII. Checklists of the items required for the Preliminary Project Application step and items required for the Full Project Application step are available on the Department's website. A summary table of the application process is provided below.

Application Process Steps	
Process step, in required chronological order	Projects pursuing LIHTC and/or City Financial Assistance
<b>Step 1:</b> Submission of Preliminary Project Application ("PPA")	Required for all Projects
Receipt of PPA evaluation and notification letter	Required for all Projects
<i>Conditional Approval</i>	Sponsor may move forward with Full Project Application submission that addresses PPA condition(s), if any
<i>Not Recommended</i>	Full Project Application will not be accepted for the Project
<b>Step 2:</b> Submission of Full Project Application	Sponsor may move forward with Full Project Application submission that addresses PPA condition(s), if any
<i>Conditional funding and award determination, subject to further underwriting</i>	The City will direct Sponsors of certain Full Project Applications to proceed with underwriting on the understanding that it has conditionally awarded certain City Financial Assistance (which may not be in the form of the specific City Financial Assistance requested in the Full Project Applications), subject to further underwriting and all requirements of the QAP, ATSM, and Underwriting Standards Guide.

Application Process Steps	
Process step, in required chronological order	Projects pursuing LIHTC and/or City Financial Assistance
<i>Determination of no conditional funding and award</i>	The City will direct other Sponsors of Full Project Applications that the City has not awarded certain City Financial Assistance in connection with the Full Project Applications and that they cannot proceed with underwriting on the understanding that the City has conditionally awarded certain City Financial Assistance.

## VI. Preliminary Project Application Overview

### A. About the Preliminary Project Application

To apply for City Financial Assistance, the first step is the Preliminary Project Application or “PPA.” All applicants for 4% LIHTC, 9% LIHTC, Multifamily Gap Financing, Tax Increment Financing, Illinois Affordable Housing Tax Credits, or any City Financial Assistance for multifamily development must submit a Preliminary Project Application to the Department in accordance with the provisions of the QAP before the Department may direct the proposal to proceed to the Full Project Application stage. Required documentation includes Project concept, location, financing assumptions, community engagement, and development team details. Preliminary Project Applications are evaluated on site, market, financial feasibility, and development team, as well as satisfaction of applicable Threshold Requirements.

The Preliminary Project Application must be clear and include all required information and documents per the QAP and the Preliminary Project Application checklist. All required forms are available on the Department’s website. The Common Application must be submitted with all required forms and documents.

**Submitting multiple financial variations on what is otherwise substantially the same Project under one Preliminary Project Application package and application fee will render the development proposal that is the subject of the Preliminary Project Application incomplete and ineligible for City Financial Assistance.** If a Sponsor desires to submit financial variations on what is otherwise substantially the same development proposal to the Department for the Department’s consideration – for example, but not limited to, a Common Application for a Project that requests tax-exempt private activity bonds and 4% LIHTC and a Common Application for substantially the same Project that instead requests 9% LIHTC – then the Sponsor must submit separate Preliminary Project Application packages and fees for each variation and the Department will treat each as a separate Preliminary Project Application.

### B. Timing

Preliminary Project Applications submitted for tax-exempt private activity bonds and 4% LIHTC and no Multifamily Gap Financing are accepted on a rolling basis, as advised by the Department in the Department’s sole discretion and subject to an intake meeting with the Department.

In deciding whether any development proposal is eligible for consideration or acceptance outside of a competitive Funding Round, the Department will consider in its sole discretion:

- Whether the request is **only** for 4% LIHTC generated by the qualified use of tax-exempt private activity bonds and no other development subsidy Source from the Department; and/or

- Projects that are time sensitive as a result of other government financing (for example, but not limited to Federal Home Loan Bank, Veterans Affairs Supportive Housing, Rental Assistance Demonstration, etc.) that has mandatory expenditure deadlines that would prohibit delay of financing for a Funding Round; and/or
- Preservation Projects that are time-sensitive because of risk of an immediate loss of affordable housing due to a sale or closure, as a result of foreclosure, as a result of dangerous and hazardous conditions, or as a result of potential loss of subsidy.

Preliminary Project Applications that request 9% LIHTC or Multifamily Gap Financing, including Preliminary Project Applications that request Multifamily Gap Financing combined with 4% LIHTC, will be accepted per the City's LIHTC Program Timeline and any related submission deadline(s). The Department may also accept Preliminary Project Applications based on the timeline and submission deadlines of the Illinois Housing Development Authority, other units of government or government agencies, Project funders, or at its discretion.

### C. Preliminary Project Application Submission

Preliminary Project Applications are submitted electronically through Procorem and must include the Department's Common Application. Once granted access to Procorem, the Department's Common Application and all additional documentation must be uploaded electronically into Procorem.

The Department may, at its discretion, designate alternative procedures for file sharing and document submission, including but not limited to use of Microsoft SharePoint or in-person delivery, on its website.

#### i. Common Application Completeness at the Preliminary Project Application Stage

For purposes of the Preliminary Project Application stage only, certain pages/tabs of the Common Application do not need to be fully completed as follows:

- Bond Structure – Apart from the Financing Narrative generally describing the structure of the proposed Bond financing, the rest of this page/tab does not need to be fully completed at the PPA stage.
- Construction Costs – Values for specific site work and trades payments items do not need to be provided in connection with the Preliminary Project Application; a general "net construction costs" figure can instead be input in connection with "trades" and provided for each relevant construction type that is applicable to the Project (new construction, adaptive reuse, rehabilitation of existing housing, commercial improvements, service-area improvements, and off-site improvements).

### D. Preliminary Project Application Evaluation

The Department will evaluate the Project characteristics described in the Common Application submitted in the Preliminary Project Application stage in the following four categories: "Site," "Market," "Financial Feasibility," and "Development Team."

Requirements and evaluation criteria for each of these categories will be determined as described in Section VI.E and Section VI.F.

PPAs will receive an evaluation in each of the four categories, as well as an overall PPA evaluation determination from the City. The table below describes the possible PPA evaluation outcomes and implications.



Possible PPA Evaluation Outcomes and Implications		
PPA Evaluation Outcome	PPA Categories	Overall PPA Outcome
Conditional Approval	The PPA category is conditionally recommended to proceed to Full Project Application stage for further consideration - a criterion or criteria may not be fully satisfied and may be subject to conditions. *	The PPA is conditionally recommended to proceed, and a Full Project Application will be accepted by the Department.
Not Recommended	The PPA category is denied - criteria are not satisfied.	The PPA is denied, and a Full Project Application will not be accepted by the Department.

\* - Should a PPA receive a "Not Recommended" in any of the four categories, its overall PPA outcome may be "Not Recommended." Full Project Applications are accepted under the assumption that conditions, including any relevant Threshold Requirements, will be met.

#### i. Site Criteria

PPAs will be reviewed and evaluated based on Project Site location, surrounding market fit, existing housing and demographic characteristics.

Each PPA undergoes a Site evaluation to assess suitability for development. Staff from the City of Chicago conduct an on-the-ground visual inspection (which may affect the Department's assessment of the Primary Market Area of the Project) as an element of the City's evaluation. The City will review the documents described in Section VIII.H.ii and consider the following in its assessment of the proposed Site:

- **Project Scope:** The Department will assess whether the proposed scope (e.g., unit count, unit mix, and building type) is reasonable, aligned with local land use, and appropriate for the Site's physical and community context to determine whether:
  - The scope is clearly supported by neighborhood needs and planning documentation; or
  - The scope requires clarification or moderate adjustment but is potentially viable with clarification or moderate adjustment; or
  - The scope is misaligned with context or lacks clear community support or feasibility.
- **Design and Density:** The City evaluates whether proposed height, massing, and density are consistent with surrounding development patterns and zoning to determine whether:
  - The height and mass are consistent with nearby buildings, and density aligns with infrastructure and zoning; or whether
  - The design or density is slightly taller or denser than surroundings; or whether
  - The design represents bulk, massing, or density that significantly exceeds its context and would require major exceptions or pose infrastructure conflicts.
- **Aesthetic Compatibility with the Neighborhood:** The Department evaluates whether the Project's design approach — including materials, articulation, and architectural character — visually complements the surrounding neighborhood to determine whether:
  - Design reflects neighborhood identity through high-quality materials, contextual façade design, and thoughtful detailing; or whether
  - Design is generally acceptable but lacks articulation or distinctiveness and could benefit from refinement; or whether
  - Design is out-of-scale, poorly contextualized, or visually incongruent.
- **Access to Public and Community Services and Amenities:** The City evaluates whether the proposed Site provides fair and practical access to public transportation and essential services and amenities that support resident well-being and Project viability. Particular consideration is given to whether the

site is located within a Transit-Served Location (“TSL”) under the City’s zoning ordinance, which prioritizes development near high-frequency transit. Relevant service and amenity types the Department shall consider are: full service grocery stores, healthcare (hospitals, health clinics, pharmacies), schools, and public parks. In evaluating access to community resources and amenities such as schools, grocery stores, parks, and healthcare services, the Department may consider amenities that are located within a ¼-mile radius of a TSL-designated transit stop, even if those resources are up to two miles from the Project Site. For scattered Site Projects, this standard applies to each Site individually, and whether a majority of the total proposed Sites and total proposed units across all Sites will be the subject of the City’s Site access assessment. The City will assess Site access to determine whether:

- The Site is located within a TSL, with at least three (3) unique amenity types accessible either within a half-mile of the Site, or within a quarter-mile of a TSL-designated transit stop, even if those amenities are up to two miles from the Project Site; or whether
- The Site is located outside of a TSL but within 1.5 miles of three (3) unique amenities and served by limited or moderate transit infrastructure; or whether
- The Site is located outside of a TSL and is located more than two miles from three (3) or more unique amenities, with no mitigation or access strategy.
- **Nearby Development Context:** The City evaluates whether surrounding land uses and conditions support the long-term viability of the proposed Project and align with City housing and planning goals. In determining Site suitability, the City will consider whether:
  - The Site is surrounded by compatible residential or mixed-use development and free from Incompatible Uses or Problematic Site Characteristics; or whether
  - The Site is adjacent to transitional or underutilized parcels with some potential for context-sensitive development but may require further documentation or mitigation; or whether
  - The Site is directly adjacent to or surrounded by Incompatible Uses or presents clear Problematic Site Characteristics that are likely to impede livability, reinvestment, or market feasibility.

Applicants must demonstrate that nearby conditions will not materially undermine Project success or resident quality of life.

- **Alignment with City Objectives and Initiatives:** The Department evaluates whether the proposed Project supports adopted City housing, planning, and development priorities, including alignment with relevant Local Planning Documentation or participation in a Community Revitalization Strategy (CRS). Applicants are encouraged to reference recent neighborhood, corridor, or housing plans, especially those produced through a documented public process and endorsed by a public or community-based entity. The Department will assess alignment to determine whether:
  - The Project clearly supports one or more defined City initiatives or is located within an area covered by qualifying Local Planning Documentation or CRS materials, with specific evidence of planning goals, community participation, and actionable implementation strategies; or whether
  - The Project shows general consistency with City objectives or planning frameworks but provides limited documentation or unclear connections to a defined strategy or adopted plan; or whether
  - The Project is not supported by any recent or relevant Local Planning Documentation or CRS materials and does not appear aligned with City housing or development priorities.

General citywide policy frameworks or initiatives, such as Cut the Tape or Building Better Together, do not qualify as relevant objectives or frameworks for purposes of demonstrating alignment. Submissions must be specific, place-based, and linked to defined planning goals and community-driven strategies.

The Department may determine a Primary Market Area (“PMA”) for each PPA for purposes of market criteria review; this PMA may be different from the PMA used in the market study required for Projects that the City directs can proceed to the Full Project Application stage from the PPA stage.

The Department may determine the PMA by identifying a logical assemblage of Census tract(s) containing the Project Site(s) and adjacent Census tract(s) for data aggregation purposes and/or by identifying natural market area boundaries (i.e., highways, roads, train tracks, waterways) and/or with reference to official Chicago community area boundaries.

The Department will adapt the PMA determination process appropriately for Projects with more than one Site by one of the two following methods:

- Determining that a single but expanded PMA that encompasses the full range of all Project sites.
- Determining more than one PMA to account for multiple Project Sites serving multiple markets.

## ii. Market Criteria

Economic and market conditions are reviewed and evaluated by the City at Preliminary Project Application as components of a Project’s market. The Department uses only public available data in its PPA market review. The Department may consider market factors that have been combined into “indicators” designed to measure markets trends or changes. These datasets and indicators include, but are not limited to, the following:

- [The American Community Survey](#) and other [U.S. Census data](#)
- [Chicago Metropolitan Agency on Planning research and data](#)
- [Institute for Housing Studies at DePaul University research and data](#)
- [Great Cities Institute at University of Illinois at Chicago Hardship Index for Chicago Community Areas](#)
- [U.S. Department of Housing and Urban Development research and data](#)
- [City of Chicago Department of Planning and Development research and data](#)
- [The Chicago Health Atlas Hardship Index](#)
- [The Illinois Housing Development Authority \(IHDA\) Affordable Rental Unit Survey](#)
- [The IHDA Affordability Risk Index](#)
- [The IHDA Revitalization Impact Areas dataset](#)
- [The IHDA Quality of Life Index](#)
- [The IHDA Market Analysis Application](#)

At the Preliminary Project Application stage, the Department evaluates whether the Sponsor’s Market Context Summary (as defined in Section VIII.L.i) provides a reasonable, data-informed narrative of housing need within the proposed PMA. The PMA should be clearly described in terms familiar to local stakeholders (e.g., neighborhoods, corridors, or major boundaries), and indicators should be drawn from public data sources listed in Section VI.D.ii of the QAP. The City will assess the summary to determine whether:

- The Sponsor identifies a clearly defined PMA with indicators of housing need—such as a rent burden above 45%, rental vacancy below 8%, population growth or stability over the past decade ( $\geq +3\%$ ), and fewer than 20% of existing rental units affordable at 60% AMI—and reasonably aligns the Project with intended populations and local planning objectives; or whether
- The summary references a PMA with mixed signals—such as vacancy between 8–12%, rent burden between 35–44%, or flat population trends ( $\pm 2\%$ )—but provides some evidence of unmet demand or housing quality challenges for the target population(s); or whether
- The Sponsor defines a PMA with weak indicators of need—such as vacancy above 12%, rent burden below 35%, or population decline exceeding 3%, with limited evidence of unmet need,



unclear Project alignment with community priorities, or insufficient reference to Department-approved data sources.

This narrative is not required to include Census tract-level data or a third-party market study. However, Sponsors must cite appropriate public datasets and demonstrate alignment with their declared community target type and, where applicable, local planning documents or revitalization strategies. For projects proposing Permanent Supportive Housing, Sponsors must also describe referral systems, population need, and service infrastructure within the local context.

#### *a. Community Targeting*

For all Common Applications submitted pursuant to Priority Track I, Project Sponsors must specify one community target type: Housing Enhancement Area, Transitioning Area, or Redevelopment Area.

Project Sponsors may only select one community target type for the Project proposal. As components of a Project's market, the Department will assess the Project proposal information and characteristics and any related evidence or data submitted by the Sponsor(s) to determine if the Project proposal information and characteristics align with the community target type indicated by the Sponsor(s) in the Common Application.

If the Department determines that the community target type selected by the Sponsor(s) in the Common Application is not appropriate for the Site(s), the Department may, in its sole discretion, opt to assess the Project proposal information and characteristics for alignment with the preferences and requirements for the community target type it deems appropriate for the Site(s).

#### **1. Transitioning Areas**

The Transitioning Area community target type applies when at least half of the Project units are located in a PMA that is becoming less affordable at a faster rate than the city as a whole.

To determine whether this target type and its related evaluation criteria are appropriate, the Department may compare key demographic, economic, and housing indicators in the PMA to citywide averages over a ten (10) year period. In comparison to data collected over the past ten (10) year period from the Preliminary Project Application deadline, factors and calculations that the Department may consider when determining whether the Transitioning Area community target type and related evaluation criteria are appropriate for the proposal include median household income; median home value; families below the federal poverty level; housing unit vacancy; renter tenancy; individuals aged 16 and over employed in management, business, science, and arts occupations; and individuals aged 25 and over with a four-year (bachelor's) degree or higher.

#### **2. Redevelopment Areas**

The Redevelopment Area community target type applies when at least half of the Project units are located in a PMA that is a component of an area with market conditions suggesting that revitalization, or concerted community development planning, would be especially beneficial in these areas.

These areas must be the subject of concerted community revitalization planning in accordance with the provisions for Community Revitalization Strategies set forth below and may be areas designated by a unit of government or planning authority for revitalization due to economic distress, blight, underutilization, or declining property values. Examples include a PMA area that is a component of an area that is the subject of a public housing redevelopment plan or tax increment financing redevelopment area plan.

#### **3. Housing Enhancement Areas**

The Housing Enhancement Area community target type applies when at least half of the Project units are located in a PMA for which at least half of the households in the PMA earn at least 100% of the Chicago

area median income in the last three consecutive years for which data is available, and the poverty rate is less than or equal to 20% during the same period. This designation also applies to Projects when at least half of the Project units are located in an [“Inclusionary Housing Area”](#) pursuant to [Municipal Code of Chicago Section 2-44-085](#).

In addition, the Department may consider the following community factors to assess area quality of life and alignment with QAP goals in connection with Projects that otherwise accord with the above-described provisions for Housing Enhancement Area community targeting: education (educational attainment, access to preschool, disenfranchised young adults aged 16-19); prosperity (labor force participation and employment for people aged 16 and over, quality of jobs, single mother families); health (people with health insurance, life expectancy, medically underserved areas, food deserts); housing quality (functioning housing facilities and systems, cost burdened owners and renters, crowded housing, vacant housing); connectivity (linguistically isolated households, broadband access, resident turnover, commute times, cars per household).

#### *b. Local Planning Documentation*

“Local Planning Documentation” shall mean documented planning efforts that provide area-based context for a proposed Project and intended to demonstrate that the Project aligns with local development priorities, land use goals, or housing strategies established through a public planning process. Local Planning Documentation may include, but is not limited to:

- Comprehensive or neighborhood plans;
- Housing market analyses or strategies;
- Transit-oriented development frameworks;
- City-issued requests for proposals or similar City-issued requests that incorporate planning goals or reflect community-identified priorities; or
- Ward-specific, area-specific, or location-specific planning initiatives led or endorsed by a local agency or through a documented public process.

Local Planning Documentation is optional and may be submitted with the Preliminary Project Application or with the Full Project Application. To be considered Local Planning Documentation in connection with an applicable Project, documentation must:

- Be directly applicable to the Project Site(s) or PMA.
- Reflect input from local stakeholders, such as community members, elected officials, or neighborhood organizations;
- Be issued or endorsed by a local planning agency, public body, or community-based partner; and
- Be no more than five (5) years old (from the date of the relevant Full Project Application deadline) unless the documentation is still actively utilized or updated in connection with ongoing planning or development activities as of the Full Project Application deadline (for example, a TIF redevelopment area plan enacted eight years ago in connection with the establishment of a related TIF district would qualify provided that the term of the redevelopment area plan were still in effect as of the Full Project Application deadline).

Plans should clearly link to the Project’s location, demonstrate community input, and outline a strategy with near-term or ongoing implementation. In connection with Local Planning Documentation, the Department invites a wide range of information provided that the information is linked to verifiable local efforts, and provided further that broad citywide plans, regional plans, and other general initiatives of the City (e.g., Cut the Tape, Building Better Together) do not qualify as Local Planning Documentation for purposes of this QAP. The provisions for Local Planning Documentation set forth in this section of the

QAP are not identical to the provisions for demonstrating alignment with a Community Revitalization Strategy, which are set forth below.

### *c. Community Revitalization Strategies*

For purposes of this QAP, “Community Revitalization Strategy” or “CRS” shall mean a deliberate and coordinated effort (or documented interconnected series of local efforts), supported by local stakeholders, to improve aspects of an area with market conditions suggesting that revitalization, or concerted community development planning, would be especially beneficial in these areas.

Local Planning Documentation can inform or serve as a component of a Community Revitalization Strategy when such documentation demonstrates coordinated, multi-sectoral efforts, community input, and strategic implementation plans beyond the Project itself. However, not all Local Planning Documentation will meet the requirements for CRS designation.

A CRS must present a compelling case that the proposed Project contributes to broader, intentional effort to improve economic, social, physical, and housing outcomes within a defined geography. A Community Revitalization Strategy must include documentation of both the need for community planning and meaningful community input, addressing issues (a) beyond the scope of the Project itself and (b) issues beyond the scope or interest of any Participant. The area designated as the subject of the CRS must include at least half of the Project’s units and generally should not exceed a radius of approximately three miles from the Project Site(s).

However, on a case-by-case basis, the Department may, at its reasonable discretion, consider a larger area if the Sponsor provides sufficient documentation justifying the expanded boundaries. Broad citywide plans, regional plans, and other general initiatives of the City (e.g., Cut the Tape, Building Better Together) do not qualify as Community Revitalization Strategies for purposes of this QAP. Relevant ward-level community plans, site-specific City requests for proposals or similar City-issued requests, or site-specific transit-oriented development frameworks may be accepted if they demonstrate broad local support and actionable community development strategies, particularly those that align transit-oriented goals and housing needs.

To demonstrate alignment with a Community Revitalization Strategy in accordance with the relevant provisions in connection with Priority Track I and Priority Track II, Sponsors shall submit all of the following by no later than the Full Project Application deadline:

CRS Alignment Requirement Category	Description / Required Documentation for CRS Alignment
<b>1. Community Planning Need &amp; Intent</b>	Documentation showing the need and intent to include affordable housing as part of the CRS for the area. Documentation shall specify the type of revitalization or redevelopment activity (e.g., preservation, demolition, greening, infill, rehabilitation, new development, rental development, homeownership). May include: community plans or community development frameworks, tax increment financing redevelopment plans, housing plans, letters summarizing local efforts
<b>2. Evidence of Community Participation</b>	Must be within <b>five (5) years</b> of Full Project Application deadline and include at least <b>two (2)</b> of the following: - Proof of public outreach (ads, newsletters, flyers, postings) - Sign-in sheets from public meetings - Records of community input (meeting minutes, SWOT



CRS Alignment Requirement Category	Description / Required Documentation for CRS Alignment
	analyses, comments) <ul style="list-style-type: none"> <li>- Evidence of community-led projects (participatory budgeting, local initiatives)</li> <li>- Community involvement in planning documents (tax increment financing, comprehensive or neighborhood-based plans)</li> <li>- Evidence of investment from a variety of sectors (memoranda of understanding, partnership agreements)</li> <li>- Proof of Sponsor-/developer-led community meetings</li> </ul>
<b>3. Plan Adoption or Approval</b>	Must include at least <b>two (2)</b> of the following: <ul style="list-style-type: none"> <li>- Resolution from a local board or committee approving a plan related to the CRS (e.g., tax increment financing redevelopment plan, comprehensive plan, transportation plan)</li> <li>- Letter from an elected official confirming approval of the strategy components (with date and names of approving parties)</li> <li>- Meeting minutes showing official approval of strategy</li> <li>- Letter of support from a local leader or organization (not a part of or affiliated with the development team) with the capacity to coordinate resources</li> </ul>

### iii. Financial Feasibility

The Department will evaluate the Project's financial feasibility and underwriting assumptions as represented in the Common Application submitted as an element of the Preliminary Project Application. Projects must comply with the standards described in detail in the Underwriting Standards Guide, and must be deemed, in the Department's sole discretion, as producing sufficient value for the total Project cost and cumulative subsidy requested. Compliance with financial feasibility standards is substantiated by submitting the Common Application and due diligence items per the Underwriting Standards Guide, provided that, for the avoidance of doubt, if any applicable due diligence item that is described by the Underwriting Standards Guide is not reflected in the Preliminary Project Application checklist, the item is not required in connection with the Preliminary Project Application.

In the event of any inconsistency, omission, or lack of specificity within this QAP regarding financial feasibility, underwriting criteria, or the treatment of any financial item, including but not limited to developer fees, construction costs, soft costs, or reserve requirements, the provisions of the Underwriting Standards Guide shall control. For matters intersecting with design, construction, or physical scope considerations, deference will also be given to the ATSM, as applicable.

### iv. Development Team

The Department will evaluate Participants for alignment with the City's requirements and provisions for development team experience as set forth in Section VIII.M, and this evaluation shall comprise the PPA review of the development team. Submission timing requirements for relevant Participant experience certification forms are set forth in Section VIII.M.i.

If any Sponsor lacks the required experience described in Section VIII.M, the Department may accept alternative evidence at its discretion.

## E. Changes Between Preliminary Project Application and Full Project Application

The City requires that the Full Project Application substantially align with the conditionally approved Preliminary Project Application. The City recognizes that certain modifications may occur after Preliminary Project Application conditional approval and prior to the Full Project Application deadline in accordance with the provisions set forth below.

Conditional approval or any proposed modifications to the Project between Preliminary Project Application conditional approval, if any, and any Full Project Application deadline (“Application Changes”) must be requested through a formal written submission on Sponsor letterhead, addressed to the Deputy Commissioner for Housing development, and signed. This request must be submitted to the Department no later than forty-five (45) calendar days **prior** to the Full Project Application deadline. Application Changes that have not been formally approved by the Department may result in the disqualification of the Project from consideration for City Financial Assistance.

Subject to the preceding provisions of this section, the City may consider the following limited changes permissible (“Permissible Changes”):

- An increase of up to a ten percent (10%) in the total number of Project units restricted for households earning at or below 60% AMI, provided that the total number of residential units in the Project does not otherwise increase;
- An increase in the number of Project units restricted for extremely low-income households or individuals (i.e., those earning at or below 30% AMI);
- Increased rental assistance;
- An increase in the number of units designated and provided in connection with the CoC Set-Aside Requirement, provided that the total number of such units does not exceed fifteen (15%) of the total Project units;
- Changes that are specifically requested or required by the City.

All other Application Changes are considered non-permissible and are discouraged. Examples of unacceptable Application Changes (unless specifically requested or required by the City) include, but are not limited to:

- Changes to the Site(s) or Project location(s);
- Changes to the population(s) to be served by the Project;
- Changes to the total number of residential units;
- Any material changes to the Project scope, budget, or financing structure that do not fall within the Permissible Changes outlined above.

Sponsors are not required to submit a formal written request to the Department for Permissible Changes. Any Application Changes outside of the parameters of the Permissible Changes described above are discouraged and will require a formal written request to the City for approval, submitted at least 45 calendar days before the Full Project Application deadline. No changes to the Site(s), population(s) served, or construction type(s) proposed will be considered by the City unless such changes were specifically requested or required by the City in accordance with the provisions for Permissible Changes. The City discourages any other changes outside of the Permissible Changes described above; approval of any changes outside of the Permissible Changes described above is not guaranteed and is at the sole discretion of the Department.

## **VII. Full Project Application Overview**

### **A. Submission & Timing**

Full Project Applications are submitted electronically through Procorem and must include the Department's Common Application. Once granted access to Procorem, the Department's Common Application and all additional documentation must be uploaded electronically into Procorem. The Department may, at its discretion, designate alternative procedures for file sharing and document submission, including but not limited to use of Microsoft SharePoint or in-person delivery.

In connection with the 2025 Funding Round, Full Project Applications will be accepted by the Department in accordance with the LIHTC Program Timeline published on the Department's website. Following the 2025 Funding Round, Full Project Applications for any Project will be accepted by the Department in the timeframe specified by the Department in the PPA evaluation and notification correspondence for the related Preliminary Project Application (if any) or as otherwise directed by the Department in writing.

In connection with the 2025 Funding Round, Participant-requested waivers will not be considered for any Full Project Application deadline related to the LIHTC Program Timeline. Subject to the preceding sentence, at the City's discretion, the Department may request that Sponsors who have submitted incomplete, financially infeasible, or otherwise deficient Full Project Applications in accordance with the LIHTC Program Timeline for the 2025 Funding Round resubmit their Full Project Applications.

In order to effectively manage the LIHTC Program, the City reserves the right to adjust any deadlines or hold additional Funding Rounds.

### **B. Application Materials**

The Full Project Application must be clear, complete, and include all required information and documents per the QAP and the Full Project Application checklist. All required forms are available on the Department's website. The Common Application must be submitted with all required forms and documents. All tabs/pages of the Common Application (except the "LIHTCs&BLDGs" tab/page) must be complete at the time of Full Project Application submission.

### **C. Conditional Allocation of LIHTC**

The Department considers Projects selected for 4% LIHTC or 9% LIHTC to have a conditional Allocation of Tax Credits until IRS Form(s) 8609 is/are issued (a "Conditional Allocation"). All Projects receiving a Conditional Allocation of LIHTC are and remain subject to compliance with the QAP.

## **VIII. Mandatory Application Components**

Table 1 enclosed in the QAP Appendix outlines the mandatory application components required for each stage of the application process: the Preliminary Project Application and the Full Project Application.

Table 1 is not a checklist and in the event of any conflict between the content of Table 1 and the content of the published checklist for each stage, the published checklist for each stage shall govern and control.

These components are designed to ensure that development proposals are feasible, aligned with City policy, and ready for further underwriting. Items marked for the Preliminary Project Application are intended to establish early-stage readiness, while items marked for the Full Project Application reflect more detailed information necessary for conditional award consideration. Components required at both stages must be updated or expanded at the Full Project Application stage. The City may amend, modify, or waive non-material submission requirements to further fair housing.

The components described in this section apply to all Full Project Applications for tax-exempt private activity bonds and 4% LIHTC, all Full Project Applications for 9% LIHTC, and all Full Project Applications for any City Financial Assistance, unless otherwise noted.



## A. Project Narrative

The Preliminary Project Application and the Full Project Application must include a completed “Project Narratives” page (found in the Common Application).

The information in the “Project Narratives” page of the Common Application should provide a complete overview of the scope of the Project, building and unit features, and population served. Sponsors should use the “Project Description” section within the “Project Narratives” page to provide the Project’s financing plan overview including terms and conditions for non-City sources. Sponsors shall limit the narrative for remaining sections of the “Project Narratives” page to relevant details for each topic.

## B. Community Engagement Information

The Preliminary Project Application and Full Project Application must include documentation demonstrating a plan for community engagement for the Project as described below.

### i. Community Engagement Plan Components – Preliminary Project Application

At the Preliminary Project Application stage, the Sponsor must submit a draft community engagement plan outlining a proposed strategy for engagement. This preliminary plan shall serve as a framework to guide stakeholder outreach and must, at minimum, include the following components:

- **Feedback Strategies:** Proposed methods for soliciting community input such as discussions, surveys, interviews, focus groups, or voting mechanisms.
- **Barrier Identification & Accommodations:** Identification of potential barriers to participation (e.g., location, timing, language access, disability access).
- **Trust-Building & Outreach:** Plans for fostering relationships with community members and organizations, including proposed partnerships or coordination with local stakeholders.
- **Ongoing Engagement:** A preliminary outline of how engagement and continued community involvement will evolve through the Full Project Application stage.

While Sponsors are not required to have conducted community engagement activities prior to Preliminary Project Application submittal, any preliminary outreach already undertaken should be documented and submitted with the Preliminary Project Application.

### ii. Community Engagement Plan Components – Full Project Application

At the Full Project Application stage, the Sponsor must submit a comprehensive community engagement plan, including documentation of all engagement activities carried out to date. The plan must demonstrate that meaningful community engagement has occurred and that relevant community feedback has been appropriately considered in the final development proposal for the Project. The comprehensive community engagement plan submitted at the Full Project Application stage must include the following components:

- **Feedback Strategies:** A summary of the methods used to collect community input, including materials such as agendas, flyers, surveys, and presentation slides.
- **Barrier Identification & Accommodations:** Documentation of measures taken to address participation barriers, such as translation services, childcare, or ADA accommodations.
- **Trust-Building & Outreach:** A description of how the Sponsor built and maintained trust with community stakeholders, including any collaborations with community-based organizations.
- **Meeting Details:** A log of all engagement events, including dates, times, formats (in-person or virtual), attendance numbers, and participant affiliations.
- **Engagement Results:** A summary of feedback received through all engagement activities, including recurring themes, concerns, and suggestions.

- **Integration of Feedback:** An explanation of how community input informed or modified Project plans, including design, population served, programming, or other key features.
- **Communication Record:** A record of outreach efforts using online platforms, social media, email newsletters, or traditional media.
- **Promotion Links:** URLs or screenshots of online materials promoting the development proposal or engagement events.
- **Ongoing Engagement:** A plan for maintaining communication and accountability to community stakeholders during construction, lease-up, and occupancy phases.

The Department may request additional supporting documentation or clarification regarding community engagement at its discretion.

### C. Site Control

All Project Sites must be identified in the Common Applications submitted in connection with the application process described herein. With the exception of applications for City-owned land as described below, **Sponsors must demonstrate Site Control in accordance with this Section VIII.C as an element of the Preliminary Project Application.** For Projects with multiple Sites, Site Control must be demonstrated for each Site. The Preliminary Project Application must include:

- A map that represents Site location(s), with boundaries clearly marked if part of a larger property.
- Aerial photographs showing Site boundaries and surrounding land uses.
- Evidence of Site Control, which can only be demonstrated by Site Control documentation for each Site that prohibits preemptive termination language and consists of one of the following:
  - Fee simple ownership by the Sponsor or Owner.
  - A binding agreement, valid for at least twelve (12) months from the Full Project Application deadline date specified by the City, signed by the Owner or Sponsor and, as applicable:
    - The seller of the Site.
    - The seller of a long-term lease in connection with the Site.
    - The seller confirming a land/building donation.
  - A government-issued letter of intent to sell, donate, or lease the Site long-term, provided however that if the Site is owned by the City of Chicago, no such government-issued letter of intent to sell, donate, or lease long-term shall be required, and provided further that, for the avoidance of doubt, if the Site is owned by any other agency or instrumentality related to the City of Chicago or any other unit of government (including, but not limited to: if the Site is owned by the Chicago Housing Authority or the Cook County Land Bank Authority), then a government-issued letter of intent to sell, donate, or lease the Site shall be required.
- At the Preliminary Project Application stage only, and only for Sites not owned by the City, the City may accept written correspondence from the property owner indicating a clear and specific willingness to sell, lease, or donate the Site for the proposed Project ("Preliminary Owner Willingness Letter"). This Preliminary Owner Willingness letter must be signed, dated, and Project-specific.

At the Full Project Application stage, a Preliminary Owner Willingness letter will not be accepted. All Projects, regardless of structure or complexity, must submit formal Site Control documentation meeting the full requirements listed above. This includes any Projects involving multi-step or third-party conveyance scenarios (e.g., where a private seller transfers the Site to a public entity with the intent to ultimately convey the Site to the Project Sponsor or Owner). Delays in intermediate transfers will not exempt a Project from these requirements at the Full Project Application stage.

Site Control documentation, including any Preliminary Owner Willingness Letter, must clearly identify:

- The expiration date of purchase options, agreements, or letters of intent.

- The legal description(s) of the Site(s) (the “Legal Description Requirement”).
- The sale or lease price, consistent with the Project budget (the “Price Disclosure Requirement”).
- Compliance with any applicable environmental review and voluntary acquisition guidelines.

If a property is larger than the Project Site:

- For the Legal Description Requirement, a legal description of the Site must be provided prior to financial closing.
- For the Price Disclosure Requirement, a detailed narrative and calculation of the sale or lease price on a per-square-foot basis must be submitted with the Preliminary Project Application and updated appropriately prior to financial closing.

If a Sponsor or related entity purchases the Site for later transfer to the Project Owner, then the Preliminary Project Application must include a narrative describing the expected sale or lease price, the proposed dates of conveyance and the reason for the conveyance.

The seller cannot terminate the Site Control agreement before the twelve-month minimum term described in this section.

Sponsors must ensure that all Site acquisition costs indicated in the Common Application match the documentation submitted to establish Site Control, including any supplemental narrative required to support valuation. Where Site Control documentation encompasses a larger property than the Project Site, the Sponsor must submit a narrative explaining the basis for cost allocation and a calculation of the Project-specific price on a per-square-foot basis. The valuation should be supported by a fair market appraisal or other methodology approved by the Department, as set forth in the Underwriting Standards Guide.

Satisfaction of Site Control documentation requirements under this QAP does not guarantee approval of acquisition costs or their inclusion in Eligible Basis for LIHTC purposes. All acquisition costs are subject to further evaluation in accordance with the Underwriting Standards Guide, including appraisal requirements, acquisition caps, related-party transaction reviews, and holding cost reimbursement policies.

## D. Zoning

The Full Project Application must include evidence that all Sites are either permitted by right for the proposed use or will go through any relevant land use entitlement process(es) no later than twenty-four (24) months after the Full Project Application deadline.

### i. Zoned Project Sites

Satisfactory evidence that proposals are allowed at the indicated Site(s) consists of the following:

- A valid building permit, or
- An advisory opinion letter from the office of the Zoning Administrator for the City of Chicago that identifies the Project and contains the following information:
  - Site location (address or street crossings).
  - Current zoning and any special use designations.
  - Project details (number of units, use, and whether the Project includes new construction, rehabilitation, or both).
  - A determination of whether the proposed Project complies with the use, bulk, and density standards for the Site(s).

The letter provided from the office of the Zoning Administrator shall either confirm the determination or provide corrected details.

#### ii. Sites Requiring Zoning Map Amendment, Variance, or Special Use Activity

For any Site that needs a zoning map amendment (also known as a rezoning), a variance, or a special use permit, the Full Project Application must include the following information:

- An advisory opinion letter from the office of the Zoning Administrator for the City of Chicago as described in Section VIII.D.i.
- One or more of the following:
  - The current status of the zoning map amendment (rezoning), variance, or special use approval activity.
  - Evidence that the Owner or Sponsor has initiated the re-zoning, variance, or special use approval activity.
  - Evidence that the zoning map amendment (rezoning), variance, or special use approval activity will be reviewed in a timely manner, including any available dates.

#### iii. Planned Development Sites

For proposals requiring or pursuing a Planned Development ("PD") designation, the Full Project Application must include the following information:

- An advisory opinion letter from the office of the Zoning Administrator for the City of Chicago as described in Section VIII.D.i.
- One of more of the following:
  - Evidence that the Owner or Sponsor has initiated the PD designation activity.
  - The status of the PD designation or amendment activity.
  - Evidence that the PD designation or amendment activity will be reviewed in a timely manner, including any available dates.

If the PD designation already exists, the Common Application shall indicate whether amendments or additional planning are needed.

### E. Site Physical Information

#### i. Floodplain/Floodway Information

The Full Project Application must include a FEMA floodplain map showing all Site boundaries. If any part of a Site is within the 1% floodplain or floodway, the Application must provide additional information based on the Project's construction type as follows.

Construction Type	Rehabilitation	New Construction
<b>Site Plan Requirements / Features to be Clearly Indicated</b>	<ul style="list-style-type: none"><li>- Historic frequency of flooding and floor-related repairs</li><li>- FEMA-determined elevation of the floodplain or floodway</li><li>- Elevation of the lowest floor level in existing buildings</li><li>- Location of existing buildings</li><li>- Evidence that the Site is enrolled or eligible to enroll in the National Flood Insurance Program</li></ul>	<ul style="list-style-type: none"><li>- FEMA-determined elevation of the floodplain or floodway</li><li>- Elevation of the lowest floor level in existing buildings</li><li>- Location of proposed buildings</li></ul>



Construction Type	Rehabilitation	New Construction
<b>Other Information to Note</b>	Projects with existing buildings in the 1% floodplain or floodway are only allowed if the lowest existing floor elevation is at least six inches above the FEMA-designated floodplain elevation.	Buildings must be outside the floodplain. Projects using additional federal resources must either subdivide the Site from the affected land or obtain a Conditional Letter of Map Amendment or Revision from FEMA showing the Site is eligible for reclassification out of the floodplain.

## F. Historic Preservation

When applicable, all Projects seeking state or federal historic tax credits must submit with the Full Project Application: (i) A projected timeline for approvals, and (ii) Part I and/or Part II of the Historic Preservation Certification application, if available.

## G. Environmental Information

The Full Project Application must include a Phase I Environmental Site Assessment ("Phase I") completed within one (1) year prior to the Full Project Application deadline and covering all Project Sites. If available, a Phase II Environmental Site Assessment should also be submitted with the Full Project Application. A narrative explanation of any recognized environmental condition(s) ("REC") must be provided with the Full Project Application, detailing how the REC will be addressed and cost breakdown for addressing the REC, which must be included in the development budget.

The City may modify the construction scope or development budget based on its review of the narrative explanation of any REC and relevant details.

## H. Design, Construction & Regulatory Compliance Requirements

The Department's design, construction, and related regulatory compliance requirements are set forth in detail in the ATSM in effect as of the Full Project Application deadline. In the event of any conflict or inconsistency between the provisions of this Section VIII.H and the provisions of the ATSM in effect as of the Full Project Application deadline, the provisions of the ATSM in effect as of the Full Project Application deadline shall govern and control.

### i. Project Scope Certification

The Full Project Application must include a Project scope certification completed according to the relevant provisions of the current ATSM.

### ii. Preliminary Plans

The Preliminary Project Application must minimally include the following items:

- For all Projects: Site plan, ground floor plan, and residential floor plan.
- For Projects that include new construction: At least one (1) massing study with brief explanatory notes (conceptual or schematic form is acceptable); conceptual or schematic rendering(s) of the front elevation of each building type (fully polished or color-intensive renderings are not required); reference images that convey general intent for exterior materials and fenestration (including precedent images, reference palette, or simple diagrams).
- For Projects that involve existing buildings: Color photos of the front of each building with additional photos taken from multiple directions also submitted.

The Full Project Application must include preliminary plans completed according to the relevant provisions of the ATSM in effect as of the Full Project Application deadline.

### iii. Trauma-Informed Design for Permanent Supportive Housing

For Projects that meet the definition of Permanent Supportive Housing, any preliminary plans submitted in connection with the Preliminary Project Application and the Full Project Application requirements must reflect Trauma-informed Design requirements outlined in the ATSM.

### iv. General Contractor Outreach and Procurement Information

To ensure transparency, cost reasonableness, and capacity in the construction of Projects receiving City Financial Assistance, the City shall preference applications in which Sponsors undertake and document a rigorous, competitive, and transparent general contractor selection process as prescribed by the ATSM in effect as of the Full Project Application deadline.

When Project Participants include a pre-selected general contractor (as provided by the ATSM in effect as of the Full Project Application deadline), Sponsors shall be required to document, within and by no later than the Full Project Application submittal, their general contractor selection process, and DOH will preference those applications that include a process which is rigorous, competitive, transparent, and well-documented.

## I. Construction Cost Breakdown

The Full Project Application must include:

- The Construction Cost form in the Common Application (“Construction Cost Breakdown”) completed by a qualified contractor, the Architect of Record, or cost consultant.
- If applicable, an explanation of any cost variances between the Construction Cost Breakdown and the Physical Needs Assessment.

Explanation for any variance or premium for constructing accessible units, or for working with certain types of contractors, must be provided with the Construction Cost Breakdown at Full Project Application.

For rehabilitation or adaptive reuse proposals, the Construction Cost Breakdown and Physical Needs Assessment will be reviewed as elements of the City’s Full Project Application review to ensure that all necessary work is contemplated.

## J. Projects Involving Rehabilitation & Adaptive Reuse

All Projects involving any rehabilitation of existing structures must comply with the following provisions:

### i. Physical Needs Assessment

The Full Project Application for any project involving any rehabilitation of existing structures must include a Physical Needs Assessment (“PNA”) completed according to the Architectural and Technical Standards Manual and based on the existing conditions of the property. The report must be completed within 180 days of the Full Project Application deadline.

### ii. Minimum Rehabilitation Standards

In the “Construction Scope of Work” section of the “Project Narratives” page of the Common Application, Sponsors must clearly describe the level of rehabilitation work proposed in connection with the Project in accordance with the definitions set forth in the current ATSM. Rehabilitation work must address all “Critical” or “Immediate” items in the PNA and must meet the specific scope requirements for rehabilitation according to the current ATSM, including provision for addressing any items that do not meet the minimum “effective useful life” thresholds described in the current ATSM.

All Projects involving any rehabilitation of existing structures must allocate at least \$40,000 per residential unit in Hard Costs. At the Department's discretion, the Department expects that the scope of work for any Project **not** be limited to:

- Building stabilization only (e.g., roof patching, temporary structural supports)
- Deferred maintenance (e.g., wear and tear items such as replacing worn flooring or minor plumbing fixes),
- Cosmetic upgrades (e.g. painting, fixtures)
- Repairs that are customarily considered routine maintenance or necessary to restore the property to baseline multifamily rental housing functionality

The Department will evaluate rehabilitation and adaptive reuse development proposals based on the proposed scope of work's demonstrated intent to meaningfully improve physical durability, property efficiency, and tenant experience; the Department may preference development proposals that prioritize improvements to building envelopes, building systems, and interior spatial qualities and layouts as elements of the proposed scope of work.

Any deviation from the rehabilitation requirements noted above or in the City of Chicago Architectural and Technical Standards Manual or any construction cost variances existing between the development budget and the PNA will require a detailed explanation from the Sponsor or other relevant Participant, which the City may consider in its sole discretion. The Department reserves the right to expand the scope of work presented for any rehabilitation or adaptive reuse proposal.

### iii. Supplementary Building Condition Information

Sponsors should provide any supplementary building condition information to support the development proposal. This supplementary building condition information may include, but is not limited to:

- Documentation concerning the funding and use of property replacement reserves covering a period of not less than five years (5) prior to the Preliminary Project Application deadline
- Documentation concerning capital expenditures in connection with property physical conditions covering a period of not less than five years (5) prior to the Preliminary Project Application deadline

## K. Relocation

Tenant households who are either temporarily relocated or permanently displaced as a direct result of acquisition, rehabilitation, or demolition of housing units of a Project assisted by the City ("Relocation Activities") with certain federal resources are entitled to receive relocation assistance consistent with the Uniform Relocation Assistance and Real Property Acquisition Act, as amended (the "URA"). Relocation Activities are also subject to local ordinances and laws.

The Full Project Application for any proposal that involves Relocation Activities must include a relocation plan. The relocation plan must include a completed Department Relocation Overview form and all items indicated on the Department Relocation Overview form. The "Tenant Relocation" budget line items in the Common Application must reflect all required relocation costs. The Department recommends consulting a tax accountant or attorney before including any tenant relocation costs in Eligible Basis.

## L. Market Information

Sponsors must demonstrate that the proposed Project is supported by local housing need and is appropriately aligned with market conditions in the Primary Market Area. Sponsors are required to submit documentation at both the Preliminary Project Application and Full Project Application stages to justify market alignment. When applicable, this documentation must demonstrate consistency with the Project's designated community target type as outlined in Section VI.D.ii.

#### i. Market Context Summary at Preliminary Project Application

At the Preliminary Project Application stage, Sponsors must submit a market context summary that provides a brief, high-level overview of how the proposed Project aligns with identified local housing needs and community planning priorities (the “Market Context Summary”).

This Market Context Summary is intended as an early planning tool and is not a substitute for a full market study, which will be required at a later stage in the application process. Sponsors are not required to retain third-party consultants to complete the summary, though they may do so at their discretion. This Market Context Summary must include the following elements:

- **Primary Market Area Description:** A general description of the primary market area the Project is intended to serve, including explanation of the rationale for the PMA definition, referencing commonly understood geographic references; Census tract-level detail is not required at this stage. For Projects with multiple Sites, specify whether a single PMA applies or if multiple PMAs are defined.
- **Intended Resident Population:** A description of the proposed resident population(s) to be served, including income bands, special needs populations (if applicable), and household types.
- **Indication of Unmet Housing Need:** A brief statement summarizing indicators of unmet housing need for the intended population(s) within the defined PMA, using: publicly-available data (e.g., Census, ACS, housing studies), recent studies, or publicly-available tools to demonstrate unmet housing need within the PMA. Sponsors are expected to reference one or more of the datasets or indicators used by the Department in its PPA market review to provide a consistent basis for evaluating market conditions. A complete description of these resources is provided in Section VI.D.ii of the QAP. While Sponsors are not required to reference every dataset listed, the Market Context Summary must draw from this set of approved sources to ensure consistency with the Department’s approach to assessing market trends and unmet housing need.
- **Community Target Type Alignment (if applicable):** Sponsors must concisely explain how the Project aligns with the selected community target type (as indicated in the Common Application), and any relevant Local Planning Documentation or Community Revitalization Strategies.
- **Supportive Housing Considerations:** Projects proposing Permanent Supportive Housing must briefly describe the proposed Supportive Housing Population service needs, anticipated referral pathways, and coordination with the Chicago Continuum of Care.

A third-party market study is not required at this stage, but Sponsors may consult with qualified professionals to ensure consistency between narrative assumptions and future market study submissions.

#### ii. Market Study at Full Project Application

The Full Project Application must include a comprehensive market study completed in accordance with Department standards set forth in the Underwriting Standards Guide.

### M. Development Team

The City will review and evaluate the Participants in the development team and their capacity to successfully complete the Project and meet compliance requirements.

#### i. Required Documentation

The following table describes the documentation and submission requirements in connection with demonstrating development team experience:



Category	Required Documentation	When Required
<b>Experience Certifications</b>	Completed Experience Certification forms for <b>each</b> : <ul style="list-style-type: none"> <li>- Project Sponsor</li> <li>- General Contractor (if identified)</li> <li>- Architect of Record</li> </ul>	<ul style="list-style-type: none"> <li>- Step 1: Preliminary Project Application <b>and</b></li> <li>- Step 2: Full Project Application <b>and/or</b></li> <li>- Upon occurrence of any relevant Application Change or Project Modification</li> </ul>
<b>Sponsor Financials &amp; Background</b>	<ul style="list-style-type: none"> <li>- Last three (3) independent audits, including single audits and management letters</li> <li>- Current fiscal year-to-date income and expense statement</li> <li>- Current balance sheet showing all assets and liabilities, including contingent liabilities</li> <li>- List of any litigation, pending judgments, and/or bankruptcies in the past seven (7) years</li> <li>- List of any funding contracts that were terminated or not renewed based on performance or compliance issues</li> <li>- List of any unresolved monitoring findings from any Sponsor funding source</li> </ul>	<ul style="list-style-type: none"> <li>- Step 1: Preliminary Project Application <b>and</b></li> <li>- Before the financial closing of any Project (at City discretion and direction) <b>and/or</b></li> <li>- Upon occurrence of any relevant Application Change or Project Modification</li> </ul>
<b>General Contractor Experience</b>	Documentation of the general contractor's experience and verifying that the general contractor meets the experience requirements for general contractors	As prescribed by the ATSM that is in effect as of the Full Project Application deadline
<b>Emerging Developer / Emerging Vendor Status</b>	Relevant documentation as outlined in Section IX.M.iii (if applicable)	<ul style="list-style-type: none"> <li>- Step 1: Preliminary Project Application <b>and/or</b></li> <li>- Upon occurrence of any relevant Application Change or Project Modification</li> </ul>
<b>Supportive Service Providers</b>	<ul style="list-style-type: none"> <li>- Service Provider Experience Certification</li> <li>- Documentation of the supportive services provider experience and verifying that it meets the experience requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Step 1: Preliminary Project Application <b>and/or</b></li> <li>- Upon occurrence of any relevant Application Change or Project Modification</li> </ul>

## ii. Required Experience

The City's minimum Participant experience standards are indicated below. Any Participant that participates on an existing City-regulated affordable rental property must demonstrate its experience on the relevant Participant experience certification form. The City will exercise discretion with respect to alternative verification of acceptable experience. Sponsors should contact the Department before submitting a PPA regarding potential exceptions to the standards indicated below.

### A. Sponsors

Category	Requirements for Sponsors
<b>Base Experience</b>	<ul style="list-style-type: none"> <li>- Valid City of Chicago residential real estate developer business license</li> <li>- At least two (2) years of experience in development and operation of qualifying projects</li> </ul>
<b>Specific Experience</b>	One of the following: <ul style="list-style-type: none"> <li>- LIHTC Project with <math>\geq 65\%</math> of proposed Project's total units</li> <li>- Subsidized low-income multifamily rental project with <math>\geq 65\%</math> of proposed Project units</li> <li>- Comparable affordable housing development as determined by the City</li> </ul>

### b. Property Managers

Category	Requirements for Property Managers
<b>Base Experience</b>	<p>Organization must primarily provide residential property management services, including experience with all of the following:</p> <ul style="list-style-type: none"> <li>- Preparation of annual operating and capital budgets</li> <li>- Employment and supervision of site staff</li> <li>- Maintenance of financial and accounting records</li> <li>- Compliance with all government agency requirements</li> <li>- Compliance with fair housing laws (protected classes, accessibility, accommodations)</li> <li>- Maintenance and building services (including vendor contracts)</li> <li>- Marketing, leasing, and turnover of apartments</li> <li>- Marketing and leasing of commercial space (if applicable)</li> <li>- Rent collection</li> </ul>
<b>Specific Experience</b>	<p>At least <b>2 years of experience</b> including lease-up and stabilization (<math>\geq 90\%</math> occupancy within 1 year of placed in service), <b>involving tenant income certifications and ongoing reporting</b>, with experience in one of the following:</p> <ul style="list-style-type: none"> <li>- <b>LIHTC development</b> with <math>\geq 65\%</math> of proposed Project's housing units</li> <li>- <b>Subsidized low-income multifamily rental development</b> with <math>\geq 65\%</math> of proposed Project's housing units.</li> </ul> <p>Additionally, property managers must employ staff with appropriate training and who hold minimum Required Property Management Staff Credentials based on Project Type.</p>
Project Type	Required Property Management Staff Credentials
<b>All Projects</b>	<ul style="list-style-type: none"> <li>- Licensed real estate broker or leasing agent</li> <li>- National Center for Housing Management (NCHM) Low Income Housing Tax Credit Specialist certification</li> <li>- Fair housing certification (e.g., National Association for Housing and Redevelopment, IREM)</li> </ul>
<b>With Federal Funds</b>	- NCHM Certified Occupancy Specialist certification
<b>With Rental Subsidy</b>	- NCHM Blended Occupancy Specialist certification

### c. General Contractors

Category	Requirements for General Contractors
<b>Specific Experience</b>	<ul style="list-style-type: none"> <li>- Experience with similar projects (similar work and type of construction as required for the Project)</li> <li>- A valid City of Chicago general contractor license for the scale of the Project</li> <li>- Evidence of bonding capacity for the scale of the Project</li> <li>- A project manager employed by the general contractor entity with at least five (5) years of multifamily residential construction or rehabilitation experience</li> </ul>

### d. Architects of Record

Category	Requirements for Architects of Record
<b>Specific Experience</b>	<ul style="list-style-type: none"> <li>- Appropriately registered to perform architectural services in Illinois</li> <li>- A history of similar work and type as required for the Project</li> <li>- At least five (5) years of experience with multifamily residential construction or rehabilitation</li> </ul>

### e. Supportive Services Providers for Permanent Supportive Housing Projects

Category	Requirements for Supportive Service Providers
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<b>Specific Experience</b>	<ul style="list-style-type: none"> <li>- Organization whose principal business is providing supportive services to residents in affordable housing developments</li> <li>- At least two (2) years of experience managing supportive services in Permanent Supportive Housing (or another analogous supportive housing environment) and funding to deliver supportive services to residents</li> </ul>
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### iii. Optional Emerging Developers and Vendors Status

To expand participation in Projects funded with City Financial Assistance, the Department will preference development proposals that include entities or individuals that are in the early stages of establishing a track record in affordable or community-driven housing development funded with LIHTC or City Financial Assistance. These Participants often have limited experience in leading or participating in large-scale Projects with City Financial Assistance but demonstrate potential, expertise, and a commitment to community-driven housing development.

#### a. Emerging Developers

A “Lead Developer” is defined as the primary entity responsible for managing and delivering all aspects of a real estate development project, including but not limited to: securing site control or ownership; leading the project vision and design process; assembling and managing the Participants on the development team (Architect of Record, general contractor, consultants, etc.); structuring and securing Project financing; navigating regulatory approvals and compliance requirements; managing construction timelines and budgets; and overseeing long-term ownership and/or asset management of the Project. The Lead Developer is principally responsible for the Project’s success and typically assumes the majority of the financial and legal risk associated with Project execution.

An “Emerging Developer” is a development entity or individual that meets the following criteria and is recognized as having limited prior access to resources, networks, and opportunities within LIHTC development:

**Experience Threshold:** To demonstrate status as an Emerging Developer, Sponsors (or principal owners of Sponsors as context requires) must meet the following requirements:

- Sponsor (or its principal owner(s)) is/are a real estate development entity that has served as Sponsor or co-developer in no more than three (3) LIHTC Projects that have received a LIHTC Conditional Reservation Agreement or 42(m) Letter.
- Sponsor has not previously received more than two (2) Conditional Allocations or Allocations of LIHTC (either 9% LIHTC or 4% LIHTC) as Lead Developer in an amount greater than or equal two one million five hundred thousand dollars (\$1,500,000).

**Ownership and Control:** The proposed Emerging Developer development entity must be:

- At least fifty-one percent (51%) owned or controlled by one or more individuals who meet the Experience Threshold requirements; and
- The entity must hold not less than a thirty-five percent (35%) stake in all aspects of development control in the proposed Owner, including but not limited to ownership, cash-flow, developer fee rights, voting rights, project design, financing structure, consultant selection, and management oversight (the “Minimum Emerging Developer Control Requirement”).

**Underrepresented Backgrounds:** Additional consideration will be given to Sponsors (or principal owners of Sponsors) that meet the above criteria and are:

- Able to demonstrate current Minority Business Enterprise (“MBE”) status, Women Business Enterprise (“WBE”) status, Veteran Business Enterprise (“VBE”) status, or Disabled Business Enterprise (“DBE”) status.
- Entities with a social mission or organization structure that support community-driven housing development.
- Entities with a stake in all aspects of development control in the (proposed) Owner that exceed the Minimum Emerging Developer Control Requirement.

**Demonstration Requirements:** Participants seeking Emerging Developer status must provide the following documentation:

- Resumes and bios of principals demonstrating limited LIHTC experience.
- Organizational chart and ownership breakdown.
- The Emerging Developer Certification Form provided by the City.
- Proof of legal entity status: business registration certificate from the Illinois Secretary of State or comparable unit of government of the state in which the entity was formed or incorporated and articles of incorporation.
- Evidence of control and decision-making authority (for example, operating agreement, memorandum of understanding).
- 1-2 page narrative and supporting documentation describing how the Participant has experienced limited access to the affordable housing industry in terms of:

*Access to Capital:*

- Difficulty securing predevelopment financing or equity or debt financing; unfavorable terms or denials from lenders or investors due to limited track record; lack of access to traditional equity syndicators or institutional investors.
- *Suggested documentation:* loan or equity application denials or feedback; letters from CDFIs or other community lenders; personal statement on the challenges accessing financing.

*Industry Networks:*

- Lack of mentorship or sponsorship opportunities with experienced Sponsors;
- Barriers to entering industry associations or professional coalitions;
- No or limited prior joint ventures or collaborations with seasoned LIHTC Project Sponsors.
- *Suggested documentation:* statement on professional background and network limitations; proof of efforts to attend trainings or to apply for programs (for example, conferences, technical assistance).

*Institutional or Geographic Barriers:*

- Based in under-resourced urban area with limited access to housing development infrastructure
- Operating without in-house legal or financial resources
- Facing regulatory or market constraints that deter new entrants
- *Suggested documentation:* description of the local development environment or community limitations; proof of operating in areas with low developer density or fewer awards; public data showing historical disinvestment or exclusion.

**b. Emerging Vendors**

An “Emerging Vendor” is defined as a for-profit business entity or sole proprietor providing goods or services as general contractor, construction subcontractor, or architect as part of the Project scope that meets all of the following criteria:



Experience Threshold:

- The Emerging Vendor has been in operation for fewer than ten (10) years.
- The Emerging Vendor has average annual gross receipts below ten million dollars (\$10,000,000) over the past three (3) fiscal years.

Demonstration Requirements:

- Signed federal business tax returns for the Emerging Vendor for the past three (3) years demonstrating that the Emerging Vendor's annual gross receipts have averaged below ten million dollars (\$10,000,000) during this period.
- Current and valid City of Chicago business license for the Emerging Vendor (if required)
- Proof of legal entity status: business registration certificate from the Illinois Secretary of State or comparable unit of government of the state in which the Emerging Vendor entity was formed or incorporated and articles of incorporation
- The Emerging Vendor is listed as a committed team member in the Common Application submitted in connection with the Preliminary Project Application stage.
- The Emerging Vendor has a clear and meaningful scope of work and provides a description of the goods or services provided, such as construction (e.g., framing, electrical, drywall, roofing) or design services.
- Information that supports the Emerging Vendor's capacity to perform:
  - Resumes or bios of key personnel
  - Overview of current equipment, tools, or systems used in service delivery
  - Summary of insurance coverage (e.g., general liability, worker's compensation) or statement of intent to acquire insurance if selected
  - A plan to scale capacity through hiring, training, or partnerships
- Past project list or work samples including client names, contract sizes, and project types.
- A signed Emerging Vendor Certification confirming that, among other things, (i) the Emerging Vendor has not served as a prime contractor on more than two public or large-scale contracts (i.e., public or large-scale contracts linked to projects with total project costs greater than or equal to ten million dollars (\$10,000,000)), and (ii) the Vendor participates in Project profits and risks (as applicable) and is not a pass-through entity for a non-qualifying Vendor.

Supplementary Demonstration Information (if available, not mandatory):

- MBE, WBE, VBE, or DBE certification for the Emerging Vendor.
- Statement of commitment to hiring locally or serving under-resourced communities
- Evidence of participation in small business, emerging business, or vendor development programs.

*c. Ineligible or Misaligned Arrangements*

The provisions for Emerging Developers and Emerging Vendors in this QAP are intended to support and elevate organizations or entities that are actively building internal capacity to serve as Lead Developers of or otherwise participate meaningfully in affordable housing and community development projects.

The provisions are focused on identifying genuinely emerging entities, not those that, in the Department's sole discretion, serve solely as a pass-through or nominal participant for the purposes of meeting regulatory or funding requirements.

Ineligible or misaligned arrangements in connection with proposed Emerging Developers or proposed Emerging Vendors include:

- Entities with no meaningful decision-making power, ownership stake, equity benefits, or long-term involvement in the Project; and/or
- Entities whose designation as “developer” or involvement in a Project is only to satisfy requirements such as local hiring, M/WBE participation, TIF eligibility, IAHTC eligibility, or eligibility for any funding source; and/or
- Vendors or developers who subcontract or outsource all core responsibilities.

#### iv. Unacceptable Practices

A Participant may not be an appropriate development team member if they have:

- Violated fair housing, accessibility, tenant protection, or nondiscrimination laws, or discriminated against Section 8 or rental assistance recipients, and failed to provide documented proof of resolution accepted by the governmental agency or entity with jurisdiction.
- Failed to comply with VAWA, or other laws providing housing protections for survivors of domestic or gender-based violence, and such noncompliance remains uncorrected.
- Failed inspections, have open compliance findings, or have unpaid compliance fees for a development in which the Participant (or any principal of the Participant) is Sponsor, Owner, or property manager.
- Ownership in a Project with a foreclosure event or a failed workout agreement with the City.
- Ownership in a Project that declared bankruptcy.
- Been involved in any Project that failed to close within 18 months of the date that the Department’s Construction and Compliance Bureau issued Construction Milestone 1 approval.
- Misrepresented or omitted material facts in connection with any application or requisition for LIHTC, Multifamily Gap Financing, Tax Increment Financing, IAHTC, or any City Financial Assistance.
- Engaged, allowed, or participated in any Project Modifications (as described in this QAP) in connection with any Project without first receiving the Department’s written approval through a formal written request from the relevant Participant(s) to the Department for the specific Project Modifications.
- Been found to be in noncompliance during construction-period monitoring.
- Ownership in a Project with an uncured default on any City loan or grant.
- A history of delinquent payments on any City loan.
- A history of uncorrected non-compliance within the Compliance Period or Extended Use Period.
- A history of uncorrected non-compliance in connection with the HOME Regulations.
- Demonstrated a pattern of unresolved or repeated noncompliance across multiple Projects, including but not limited to tenant protections, fair housing, monitoring or compliance obligations, or City loan conditions.
- Failed to cooperate with a City investigation or audit related to Project compliance, tenant protections, or financial performance.
- Been debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state, or local unit of government.
- Been, or any relevant person or entity that controls or owns the Participant has been, during the five (5) years before the Preliminary Project Application deadline date, convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property.
- Had, or any relevant person or entity that controls or owns the Participant has had, during the five (5) years before the Preliminary Project Application deadline date, one or more public transactions (federal, state, or local) terminated for cause or default.

**Any conditional award or award of City Financial Assistance may be impacted, revoked, cancelled, or subject to any remedies or rights available to the City if a Participant is found to have directed, engaged in, or allowed any Unacceptable Practice.**

#### N. Financial Feasibility

The Department will evaluate the Project's financial feasibility and underwriting assumptions. Projects must comply with the standards described in detail in the Underwriting Standards Guide. Compliance with financial feasibility standards is substantiated at Full Project Application by submitting the Common Application and due diligence items in accordance with this QAP and the Underwriting Standards Guide, including financing acknowledgement letters required in connection with the Full Project Application.

#### O. Property Efficiency

All Project proposals shall be required to demonstrate compliance with the [Chicago Sustainable Development Policy](#) in accordance with the ATSM that is in effect as of the Full Project Application deadline.

#### P. Policy and Priority Population Considerations

##### i. CoC Set-Aside Requirement

Except for Projects that meet the definition of Permanent Supportive Housing, all Projects must dedicate not less than five percent (5%) of total Project units for referrals from the Chicago Continuum of Care (or from another referral source as provided below) of households with incomes that are not more than 30% of the AMI (the "CoC Set-Aside Requirement").

Applicable Projects can meet the CoC Set-Aside Requirement by providing units for Moving On Households (as defined below) or by providing PSH CoC Subsidized Units (as defined below). The Department will consider alternative paths proposed by Sponsors to meet the CoC Set-Aside Requirement, particularly to serve Supportive Housing Populations who face barriers to accessing traditional Continuum of Care pathways, including but not limited to survivors of gender-based violence or other individuals or families eligible for protections under the Violence Against Women Act.

Alternative paths shall not include participation in the Statewide Referral Network. Any proposed alternative path must include:

- Information about the Supportive Housing Population served (e.g., VAWA-eligible survivors of domestic violence, dating violence, sexual assault, or stalking);
- the referral pathway to be used, including confidential or parallel systems that operate outside of the Coordinated Entry System;
- The rental subsidy source leveraged (if applicable); and
- Supportive services partnerships in place.

Examples of eligible alternative paths may include:

- Partnerships with service providers funded by the Illinois Department of Human Services to support individuals with serious mental illness; or
- Partnerships with the Illinois Department of Corrections to support returning residents; or
- Partnerships with domestic violence service providers that operate separate from the Coordinated Entry System due to survivor confidentiality protections.

The Department will review and approve alternate path proposals for meeting the CoC Set-Aside Requirement on a case-by-case basis.

“Moving On Households” shall mean individuals or households that are earning no more than 30% of the AMI who are either (i) currently residing in Permanent Supportive Housing and have been referred through the Coordinated Entry System or, subject to verification of program eligibility, through an alternative referral pathway approved by the Department; and (ii) have been assessed by a qualified service provider as ready to transition into affordable housing that is not Permanent Supportive Housing. Moving On Households must receive at least six months of case management support from the referring service provider to support a stable housing transition. “PSH CoC Subsidized Units” shall mean units with rental subsidies from the Continuum of Care designated for occupancy by Supportive Housing Populations and such individuals or households meet the conditions to be considered “homeless” established at [24 CFR Section 578.3](#).

In connection with the CoC Set-Aside Requirement:

- All Common Applications must reflect the CoC Set-Aside Requirement in the Project unit mix.
- Preliminary Project Applications for Projects subject to the CoC Set-Aside Requirement must include a certification from the Sponsor(s) that acknowledges the applicability of the CoC Set-Aside Requirement with respect to the Project.
- Full Project Applications for Projects subject to the CoC Set-Aside Requirement must include a draft memorandum of understanding among the Continuum of Care Lead Entity and the Sponsor(s); if the applicable Project is opting to meet the CoC Set-Aside Requirement by providing PSH CoC Subsidized Units, then the Department may require that the service provider partner be identified in a revised draft memorandum of understanding before Department staff will make a recommendation to the Department’s Internal Loan Committee in connection with the final underwriting of the Project.
- Before the City approves the financial closing for any Project, the Project Sponsor(s) and other relevant Participants shall be required to enter into a memorandum of understanding with the Continuum of Care Lead Entity to establish (i) that, to meet the CoC Set-Aside Requirement, the Project is providing units for Moving On Households or that the Project is providing PSH CoC Subsidized Units, (ii) the policies and procedures related to placement of households in Project units that are designated in connection with meeting the CoC Set-Aside Requirement, and (iii) the roles of each relevant Participant with respect to the CoC Set-Aside Requirement.
- Before the City approves the financial closing for any Project, the Department will require and verify that the Project’s tenant selection plan appropriately memorializes the applicable CoC Set-Aside Requirement for the Project.  
Before the City approves the financial closing for any Project, the Department may require that the Project’s Regulatory Agreement(s) appropriately memorializes the applicable CoC Set-Aside Requirement for the Project.
- All Projects proposing an alternative path must comply with the documentation and implementation standards noted above.

## ii. Supportive Services for Permanent Supportive Housing

All Full Project Applications for Projects that meet the definition of Permanent Supportive Housing must include a detailed supportive service plan for the Project that demonstrates the capacity to provide ongoing, coordinated, and voluntary services tailored to the needs of the target Supportive Housing Population(s) that minimally meet the Baseline Support Environment provisions described in the table below. For the avoidance of doubt, in connection with Permanent Supportive Housing Projects, individual service plans will remain confidential to preserve tenant privacy and maintain a clear distinction between service provision and property management roles. In accordance with “housing first” principles, while participation in supportive services shall be entirely voluntary for all tenants residing in Permanent Supportive Housing, the integration of these supportive services are essential components of successful Permanent Supportive Housing implementation. All Common Applications for Permanent Supportive



Housing shall include provision for these supportive services in the budgeted “Tenant Services” operating expenses for the Project.

For PSH development proposals, the following table outlines three (3) distinct tiers of supportive services, with each level progressively building on the requirements of the lower level(s).

<b>Baseline Support Environment</b>	<b>Medium Support Environment</b>	<b>High Support Environment</b>
<b><i>Aligns with the definition of Case Management Services</i></b>	<b><i>Aligns with the definition of Community Support Team (CST)</i></b>	<b><i>Aligns with the definition of Assertive Community Treatment (ACT)</i></b>
Baseline support environment for PSH will consist of the following key services for tenants who opt in:	Medium support environments for PSH will consist of all baseline support services along with the following additional services:	High support environments for PSH will consist of all baseline and medium support services along with as many of the following additional key services as possible:
Known general service plan for the property shared between service and housing provider	24-hour staff supervision of the property with caseloads per case manager of no more than 1:30	Activities of daily living (ADL) assistance, including: <ul style="list-style-type: none"> <li>• Optional (to client) assistance with cleaning unit</li> <li>• Optional (to client) meal service</li> </ul>
Coordination meetings between medical, housing, and service provider if necessary	Community building activities at least once a week	On-site case management with caseloads per case manager of no more than 1:20
Crisis de-escalation training for all staff (including property management, security, maintenance, etc.)	Enrollment in applicable federal and state programs	Care coordination services, including: <ul style="list-style-type: none"> <li>• On-site therapist weekly</li> <li>• Primary care on site twice weekly to provide routine primary care and other care, including wound and foot care</li> </ul>
Routine check-ins with a case manager at least once a week, <b>if necessary</b> , with caseloads per case manager of no more than 1:50.	Screening for mental health and substance use disorders	Provision of other social supports, including but not limited to: <ul style="list-style-type: none"> <li>• Physical health and wellbeing opportunities</li> <li>• Transportation to community events, appointments, outings</li> <li>• Life skills training</li> <li>• Community events and classes</li> </ul>
On-site case management and assistance with accessing community resources and care coordination services, including but not limited to: <ul style="list-style-type: none"> <li>• Insurance enrollment</li> <li>• Access to WIC services</li> <li>• Enrollment in transportation services</li> </ul>	Behavioral health care on site, including but not limited to: <ul style="list-style-type: none"> <li>• Basic workshops on financial literacy or daily living skills</li> <li>• Medication assisted recovery for opioid disorder</li> <li>• Behavioral health counseling</li> </ul>	24-hour crisis support and on-site behavioral health care, including but not limited to: <ul style="list-style-type: none"> <li>• On site medication assisted treatment for tenants with substance use disorder (SUD)</li> <li>• Psychiatric evaluation and medication monitoring</li> <li>• Peer support services</li> </ul>

<b>Baseline Support Environment</b>	<b>Medium Support Environment</b>	<b>High Support Environment</b>
<b><i>Aligns with the definition of Case Management Services</i></b>	<b><i>Aligns with the definition of Community Support Team (CST)</i></b>	<b><i>Aligns with the definition of Assertive Community Treatment (ACT)</i></b>
<ul style="list-style-type: none"> <li>• Enrollment in applicable federal and state programs</li> </ul>	<ul style="list-style-type: none"> <li>• Mental health crisis de-escalation</li> <li>• Individual psychotherapy</li> <li>• Medication management</li> <li>• Harm reduction resources</li> <li>• Specialized treatment for co-occurring mental health and substance use disorders</li> </ul>	<ul style="list-style-type: none"> <li>• Access to Intensive Outpatient Program (IOP) (either through referral pathway or in-house)</li> <li>• Expressive therapies, including but not limited to modalities that include art, music, or movement</li> <li>• Provide on-site medication access through pharmacy delivery or other means of access through pharmacy delivery or other means</li> </ul>

#### Q. Qualified Contract Waiver

By submitting a Preliminary Project Application to be considered by the Department, all Participants waive their right to seek a Qualified Contract in connection with the development proposal, thus maintaining affordability for the duration of the Extended Use Period.

#### R. Application Disclosures: Application Certification, Organizational Chart, and Economic Disclosure Requirements

Sponsors must submit a completed Application Certification, Owner Affidavit, Organizational Chart, and Identity of Interest Certification, available on the Department's website, with the Preliminary Project Application and with the Full Project Application.

The Application Certification confirms the Project's compliance with fair housing, tenant selection, and subsidy acceptance policies. It also requires adherence to smoke-free housing rules and the CoC Set-Aside Requirement as applicable.

The Organizational Chart must list all entities with an ownership interest in or management control over the proposed Owner. All entities appearing on the Organizational Chart, including any beneficial owner of any general partner, any beneficial owner of any managing member, and any beneficial owner of any partner or member other than an Investor, must also submit Sponsor Development Experience Certification forms.

The Identity of Interest Certification states whether an Identity of Interest exists in the Project.

For all entities within the proposed Owner, the City shall require disclosure of the information requested in the document commonly known as the Economic Disclosure Statement and Affidavit ("EDS") at the Full Project Application. In connection with any action pertaining to a Project that requires City Council approval or any financial closing, the City may require disclosure of the information requested in the EDS on behalf of a certain entity or certain entities (for example, if an entity is performing in the capacity of bond underwriter) that are not within the structure of the proposed Owner as it may direct in its sole discretion and in addition to the required disclosure of information for all entities within the proposed Owner.

## IX. Priority Tracks

### A. General Information

#### i. Priority Track Overview

The QAP provides two evaluation tracks that applications can follow and be evaluated within: **Priority Track I (as defined below)**, intended to support new construction Projects, and **Priority Track II (as defined below)**, intended to support Projects that preserve existing buildings.

Each priority track has different eligibility and evaluation criteria (consisting of, for each priority track and for different proposal types within each priority track, Priority Track Threshold Requirements (as defined below) and Selection Preferences). Preliminary Project Applications must select one priority track to follow and must adhere to the selected priority track's requirements.

Projects will be evaluated for alignment with CRS or QCT revitalization goals, but also for consistency with locally issued development frameworks, community plans, or RFPs that demonstrate meaningful public process and policy alignment. Such alignment should reflect not just vision but clear pathways to implementation.

#### ii. Priority Track Threshold Requirements

Threshold requirements set forth in Section IX ("Priority Track Threshold Requirements") are minimum eligibility criteria that a development proposal must meet in order to be considered for funding under this QAP. Priority Track Threshold Requirements are non-negotiable and must be satisfied by Full Project Application submission unless otherwise specified in the QAP. Meeting these requirements does not guarantee an allocation of LIHTC or City Financial Assistance.

### B. Leveraging and Funding Preferences

#### i. Leveraging

In connection with preferences for leveraging non-City resources described in this section, a non-exhaustive list of relevant leveraging and non-leveraging resources is described in the table below. Subject to Project selection to proceed to the Full Project Application stage by the Department, Sponsors must submit documentation that meets the City's Underwriting Standards Guide requirements for all leveraging resources proposed as elements of the Project budget with the Full Project Application and by no later than the Full Project Application deadline.

Leveraging Resources	Non-Leveraging Resources
Funds provided by a non-City resource (i.e., private placement first mortgage loans)	Funds generated by City-allocated resources (i.e., equity from LIHTC and/or IAHTC)
Capital contributions from a Project Participant, including equity generated by non-City resources (i.e., Historic Tax Credit equity)	Deferred developer fees
Grants from utilities, insurers, managed care organizations, hospitals, Federal Home Loan Bank grants, or philanthropic foundations	Loans that are repaid from City-provided resources (i.e., bridge loans)
Financing from a non-City unit or agency of government (i.e., CHA Capital Funds, IHDA HOME funds)	A seller's or takeback financing note, or a note made by the Owner or Sponsor and held by any entity other than the City in connection with Tax Increment Financing

## ii. Funding Source Preferences for Certain Proposal Types

**Permanent Supportive Housing:** For development proposals that meet the definition of Permanent Supportive Housing, the Department will consider allocating specific funding to proposals committed to people-centered, trauma informed, and low barrier priorities and serving individuals or households with incomes at or below 30% AMI and who are experiencing or at risk of Homelessness, including individuals who are returning from institutions or are otherwise unstably housed.

Available funding sources for Permanent Supportive Housing proposals include:

- Chicago Recovery Plan bond funding
- HOME-ARP Program funding for eligible uses under the HOME-ARP Program (including but not limited to funding for the development and preservation of affordable rental housing and supportive services for qualifying populations)

**Comprehensive energy efficient rehabilitations:** For development proposals submitted in accordance with Priority Track II, the Department will consider allocating specific funding to proposals committed to comprehensive energy retrofits, which may include high efficiency non-combustive HVAC equipment; improvements to building envelopes; high efficiency and/or non-combustive domestic hot water, cooking, and clothes washing appliances; and related investments.

Available funding sources for comprehensive energy efficient rehabilitations include:

- Housing and Economic Development Bond funding

## C. Priority Track I: New Construction Priority Track

The New Construction Priority Track sets evaluation criteria for all new construction development proposals for LIHTC or City Financial Assistance including proposals for Projects that meet the definition of Permanent Supportive Housing.

### i. Evaluation Criteria for Priority Track I

#### a. Priority Track I Threshold Requirements

##### 1. Threshold Requirements for All Priority Track I Projects

- Development proposals submitted in connection with Priority Track I must consist of new construction and not include any existing building rehabilitation or adaptive reuse work in the proposed scope of work.
- All mandatory application components including the CoC Set-Aside Requirement when applicable.
- At least fifteen (15) of the Project's housing units are two-bedroom units restricted for occupancy by households with incomes at or below 60% AMI or units with more than two bedrooms that are restricted for occupancy by households with incomes at or below 60% AMI.
- For Projects that select Housing Enhancement Area community targeting, development proposals must not include leasable commercial space, except for community-serving uses – such as health clinics, childcare centers, job training facilities, or similar services – which may be permitted at the Department's discretion.
- For Projects that select Redevelopment Area community targeting, Projects must contribute to a Community Revitalization Strategy.
- For Projects that select Transitioning Area community targeting, Projects must contribute to a Community Revitalization Strategy.

## 2. Threshold Requirements for Priority Track I Permanent Supportive Housing Projects:

- Project must have at least twenty-five percent (25%) of its total units dedicated to serving at least one of the Supportive Housing Populations defined in Section XIII.
- Project development team includes a supportive service provider partner identified in the Full Project Application and development proposal proposes services that meet or exceed the Baseline Support Environment provisions for services in accordance with Section VIII.P.ii.
- Projects must follow the trauma-informed design guidelines set forth in the ATSM (the “Trauma-Informed Design Guidelines”).

### *b. Priority Track I Selection Preferences*

#### 1. Selection Preferences for All Priority Track I Projects

- All or a substantial majority of the Project Site(s) is/are publicly owned by the City of Chicago, the Chicago Housing Authority, the Board of Education of the City of Chicago (a/k/a Chicago Public Schools), the Cook County Land Bank Authority, the Regional Transportation Authority, the Chicago Transit Authority, the Northeast Illinois Regional Commuter Rail Corporation (a/k/a Metra), the State of Illinois, or other unit or agency of government.
- Donated property comprises the Project Site(s).
- Development proposals that leverage non-City financing resources in accordance with Section IX.B of the QAP.
- Project Site(s) located near (in accordance with City ordinances) existing or planned (i.e., expected to be placed in service within the next 5 years) bus or mass transit stops.
- There is a lack of Problematic Site Characteristics or Incompatible Uses at or near Project Site(s)
- The Project proposes universal design and accessibility provisions that exceed ATSM standards.
- The Project includes development teams that include Emerging Developer participation.
- The Project includes development teams that include Emerging Vendor participation.
- Projects that are obligated to serve qualified tenants for the longest periods.

#### 2. Selection Preferences for Community Targeting

##### Redevelopment Area:

- Preference for mixed-use development proposals with ground-floor commercial uses only and which commercial uses do not exceed approximately two thousand (2,000) gross square feet
- Preference for mixed-income projects providing housing units for households across a range of household income from 0-30% AMI up to and including 80% AMI units
- Preference for mixed-income projects providing housing units for households across a range of household income from 0-30% AMI up to and including market rate units
- Preference for Projects that are leveraging Chicago Housing Authority capital funds and can demonstrate acknowledgement of these capital funds in accordance with the Underwriting Standards Guide at Preliminary Project Application
- Preference for long-term affordability in the form of CHA units, HAP contracts or PBVs, and/or other forms of rental subsidy providing for long-term affordability
- Preference for Projects located in Qualified Census Tract(s) or Difficult Development Area(s)

##### Transitioning Area:

- Longer affordability periods beyond the minimum 30 years required under Section 42
- Projects that are intended for eventual tenant ownership and have a robust homeownership plan
- Projects with not-for-profit Sponsors that qualify as [Community Housing Development Organizations](#) and/or qualify for LIHTC issued pursuant to Section IV of the QAP and can demonstrate such qualifications at Preliminary Project Application.



- Preference for long-term affordability in the form of CHA units, HAP contracts or PBVs, and/or other forms of rental subsidy providing for long-term affordability.
- Preference for Projects located in Qualified Census Tract(s) or Difficult Development Area(s).

#### Housing Enhancement Area:

- Project advances a development framework in accordance with Local Planning Documentation.
- Preference for Projects that are leveraging Chicago Housing Authority capital funds and can demonstrate acknowledgement of these capital funds in accordance with the Underwriting Standards Guide at Preliminary Project Application.
- Preference for Projects located in Difficult Development Area(s).
- Preference for Projects that, in addition to meeting the CoC Set-Aside Requirement, include very low-income units or housing units for tenant populations with special housing needs, including accessible units, single room occupancy (“SRO”) units, or units designated for any Supportive Housing Populations.

### 3. Selection Preferences for Priority Track I Permanent Supportive Housing Projects

- Projects with at least half of the total residential units shall be designated for occupancy by Supportive Housing Populations
- Projects with supportive services provide general service plans that align with the provisions for Medium Support Environments or High Support Environments in accordance with Section VIII.P.ii
- Project designs that exceed the Trauma-Informed Design Guidelines
- Projects demonstrate referral coordination with other systems of care appropriate to the priority population(s) served, including but not limited to the Chicago Continuum of Care, the Illinois Department of Corrections, Cook County Sheriff’s Office, Department of Children and Family Services, and Illinois Department of Human Services, with the exception of the Statewide Referral Network, which should not be used for this purpose.
- Project and Participants are eligible under and align with the [HOME-ARP](#) Regulations and the [City’s HOME-ARP allocation plan](#).

#### D. Priority Track II: Preservation of Existing Buildings Priority Track

The Preservation of Existing Buildings Track (the “Preservation Track”) shall include Projects that propose the adaptive reuse, rehabilitation, or preservation of existing building stock, including existing legally-restricted affordable housing properties, former school buildings, and other underutilized or functionally obsolete properties that may be redeveloped for housing use.

##### i. Evaluation Criteria for Priority Track II

##### a. *Priority Track II Threshold Requirements*

##### 1. Threshold Requirements for All Priority Track II Projects

- Development proposals submitted in connection with Priority Track II are expected to consist primarily of existing building rehabilitation or adaptive reuse of existing buildings and should not include new construction as a core component of the proposed scope of work. While the primary focus of this track is to support reinvestment in existing structures, limited new construction may be considered on a case-by-case basis, provided it is minor in scope, clearly secondary to the rehabilitation or adaptive reuse work, and solely intended to support those activities. Any new construction must align with goals of preservation, affordability, and contextual design.
- Projects must demonstrate financial feasibility as Projects utilizing tax-exempt private activity bonds and 4% LIHTC and shall not demonstrate financial feasibility utilizing 9% LIHTC.

## 2. Threshold Requirements for Priority Track II Permanent Supportive Housing Projects

- Project must have at least twenty-five percent (25%) of its total units dedicated to serving at least one of the Supportive Housing Populations defined in Section XIII.
- Project includes the existing or newly proposed supportive service provider partner identified in the Full Project Application and existing or proposed new services that meet or exceed the Baseline Support Environment provisions for services in accordance with Section VIII.P.ii.
- Follows the Trauma-Informed Design Guidelines in connection with Project work.

### ii. Priority Track II Selection Preferences

#### 1. Selection Preferences for All Priority Track II Projects

- Project that are at risk of opting out of affordability due to subsidy contract(s) or affordability restrictions that are scheduled to expire within three (3) years of the Full Project Application deadline.
- No tenants permanently displaced in connection with the Project Relocation Activities.
- Projects that include rehabilitation or adaptive reuse of historic buildings.
- Construction scopes for existing housing and for adaptive reuse that prioritize improvements to building envelopes, building systems, and interior spatial qualities and layouts as elements of the proposed scope of work.
- There are no accounts payable in aggregate total of more than \$100,000 to be cleared and settled at the Project's financial closing.
- The Project includes partnerships with nonprofits.
- The Project can demonstrate alignment with local government and/or community-led revitalization plans that are in accordance with the provisions for Community Revitalization Strategies.
- Projects with not-for-profit Sponsors that qualify as [Community Housing Development Organizations](#) and/or qualify for LIHTC issued pursuant to Section IV of the QAP and can demonstrate such qualifications at Preliminary Project Application.
- Projects that leverage non-City financing resources in accordance with Section IX.B
- Project Site(s) located near (in accordance with City ordinances) existing or planned (i.e., expected to be placed in service within the next 5 years) bus or mass transit stops.
- Projects with development teams that include Emerging Developer participation.
- Projects with development teams that include Emerging Vendor participation.
- Projects obligated to serve qualified tenants for the longest periods.

#### 2. Selection Preferences for Priority Track II Permanent Supportive Housing Projects

- Projects with at least half of the total residential units designated for occupancy by Supportive Housing Populations
- Projects with supportive services provide general service plans that align with the provisions for Medium Support Environments and High Support Environments in accordance with Section VIII.P.ii
- Project designs that exceed the Trauma-Informed Design Guidelines in connection with rehabilitation work.
- Projects demonstrate referral coordination with other systems of care appropriate to the priority population(s) served, including but not limited to the Chicago Continuum of Care, the Illinois Department of Corrections, Cook County Sheriff's Office, Department of Children and Family Services, and Illinois Department of Human Services, with the exception of the Statewide Referral Network, which should not be used for this purpose.
- Project and Participants are eligible under and align with the [HOME-ARP](#) Regulations and the [City's HOME-ARP allocation plan](#)

## **X. Project Modifications and Revocations**

All Projects receiving or planning to receive City Financial Assistance are subject to the following provisions:

### **A. Project Modifications**

Consideration of a Conditional Allocation or conditional award of any City Financial Assistance is based on the Preliminary Project Application and Full Project Application. After any Full Project Application is conditionally approved to proceed subject to further underwriting, then any Project Modification (as hereinafter defined) requires a reevaluation that may alter the Department's consideration of the Project or require Loan Committee or other approving body approval. A Project Modification may result in revocation of consideration for a Conditional Allocation of LIHTC and/or revocation of consideration of any conditional award or award of any City Financial Assistance. "Project Modifications" shall mean and include, but are not limited to, the following modifications:

- A change of ten percent (10%) or more in total Project cost or any budget line item; and/or
- Changes to the Project Owner, Sponsor(s), or Participants; and/or
- Changes to Project characteristics that were considered by the City or proposed by a Project Owner or a Project Sponsor to induce the City's acceptance of the Project proposal or the City's participation in the Project such as unit mix or sizes, rent structure, site, construction scope, qualifying income restrictions, populations served, number of units designated for Supportive Housing Populations, or financing details (including adding, removing, or substituting financing sources, or changes to the financing entity, terms, or LIHTC equity pricing).

### **B. Requests for Project Modifications**

The relevant Project Participant(s) must submit a written request for any and all Project Modifications for the Department's review and approval before engaging in or allowing any Project Modifications. The Department may deny any request for any Project Modification at its discretion.

If a Project Participant directs, engages in, or allows any Project Modification that has not been reviewed or approved by the Department, the Department may take appropriate action in its discretion and to the maximum extent permitted by the Project's financing documents or any documents evidencing or supporting the City's conditional approval of City Financial Assistance, law, and equity, including, when applicable:

- Revoking or canceling any award or conditional award of City Financial Assistance;
- Declaring an event of default under the relevant financing documents;
- Assessing fines, penalties, or liquidated damages;
- Issuing Form 8823; or
- Any other remedy or right of or available to the City.

## **XI. 9% LIHTC Reservations, Carryover, and 10% Test**

### **A. 9% LIHTC Allocation**

#### **i. Conditional Reservation Agreement**

Following the final underwriting of each Project, Department staff will make a recommendation to the Department's Internal Loan Committee. Subject to favorable action by the Department's Internal Loan Committee, the Department will issue a conditional reservation agreement for the Project's LIHTC (a "Conditional Reservation Agreement").

The Department may reserve LIHTC for a Project from either its current calendar year Credit Ceiling, or the Department may reserve a Forward Commitment of LIHTC. The Conditional Reservation Agreement

shall be deemed to be a legally binding commitment to Allocate LIHTC, subject to the terms and conditions contained therein. The Conditional Reservation Agreement will state the amount of the LIHTC reservation and specify required terms, conditions, documentation, and timelines that must be satisfied prior to the issuance of a Carryover Allocation Agreement (if applicable) and IRS Form 8609, including payment of a non-refundable LIHTC reservation fee upon closing of the transaction or at the Department's discretion.

#### ii. Requests for Extension

The Department may extend the deadline to meet Conditional Reservation Agreement conditions at its discretion upon written request from the Project Owner or Sponsor with explanation. The Conditional Allocation may be revoked if the Owner or Sponsor fails to meet the conditions or obtain an approved extension from the Department.

### B. 9% Tax Credit Carryover Allocations

Projects not placed in service in the year the Conditional Reservation Agreement is issued require a carryover allocation as provided by Section 42 of the Code (a "Carryover Allocation").

#### i. Carryover Allocation Agreement

The Department will consider an Owner's request to make a Carryover Allocation of the reserved LIHTC provided that the Owner submits a request for such Carryover Allocation in the time period prescribed by the Department. The Department is under no obligation to grant a request for a Carryover Allocation and reserves the right to deny such a request.

If the Department grants a request for a Carryover Allocation, then the Department will allocate LIHTC to a Project by executing a Carryover Allocation agreement (a "Carryover Allocation Agreement") The Carryover Allocation Agreement will specify the conditions, documentation, and timeline necessary for a Carryover Allocation of the reserved LIHTC. The Department will issue a Carryover Allocation Agreement near the end of the year in which the project received a Reservation, provided that the Project meets specific requirements as set forth in this section. These requirements include, but are not limited to, the following:

- The expenditure by the Owner of more than ten percent (10%) of the reasonably expected project basis by no later than twelve (12) months after the Carryover Allocation is made.
- The Owner must provide verification that it has incurred eligible expenses totaling more than ten percent (10%) of the reasonably expected Project basis in accordance with the provisions of the Section XI.C of the QAP and the terms of the Carryover Allocation Agreement.
- The Project must be placed in service by the end of the carryover period (i.e., by December 31<sup>st</sup> of the second year after the execution of the Carryover Allocation Agreement).

#### ii. Requests for Extension

The Department may extend the Carryover Allocation deadline at its discretion upon written request from the Project Owner or Sponsor with explanation. Failure to meet conditions set forth in the Carryover Allocation Agreement or obtain an approved extension may result in revocation of the Conditional Allocation.

### C. 9% Tax Credit 10% Test

#### i. Ten Percent Test Documentation

In connection with 9% LIHTC, the Owner must provide verification that it has incurred eligible expenses totaling more than ten percent (10%) of the reasonably expected Project basis by no later than twelve (12)

months after the Carryover Allocation is made (the “9% Tax Credit 10% Test”), which verification must be made by obtaining a certification as to the expenditures from the Owner’s attorney or accountant.

The Department will not consider an Owner’s request until all of the information requested by the Carryover Allocation Agreement and any supplementary information requested by the Department has been submitted.

## **ii. Requests for Extension**

The Department may, at its sole discretion, extend the deadline to meet the 9% Tax Credit 10% Test conditions upon written request with explanation. Failure to meet the 9% Tax Credit 10% Test conditions or obtain an approved extension from the Department may result in revocation of the Conditional Allocation of 9% LIHTC.

## **XII. Operations and Monitoring**

### **A. Issuance of 8609**

The City will issue an IRS Form 8609 to Projects with a Conditional Allocation that fulfill all City requirements. Projects must submit all IRS Form 8609 documentation to the Department no later than six (6) months after the end of the year following the placed-in-service deadline.

#### **i. 8609 Review**

The Owner must provide written notification to the Department upon the Project being placed in service. After the Project has been placed in service, the Department may issue IRS Form(s) 8609 provided that the Owner shall be required to submit documentation to the Department for the Department’s review before the Department may issue IRS Form(s) 8609, which documentation includes, but is not limited to:

- Certified public accountant cost Certification (including all attachments)
- Owner certification
- Managing general partner/managing member and equity partner contact information
- Architect’s certificate of substantial completion
- Certificate of occupancy
- Recorded LIHTC Regulatory Agreement
- Evidence of occupancy (e.g., rent roll)
- Executed Carryover Allocation Agreement or 42(m) Letter
- Executed Conditional Reservation Agreement (if applicable)
- Executed election form (if applicable)

The Department will review all submitted documentation and conduct a final financial analysis. Per Section 42(m)(2) of the Code, the LIHTC Allocation will not exceed the amount necessary for the Project’s financial feasibility and may be less than the Conditional Allocation.

#### **ii. Requests for Extension**

The Department may, at its discretion, extend the deadline for submitting IRS Form 8609 documentation. The Owner must submit a written request to the Department with an explanation. Failure to meet the deadline or obtain an approved extension may result in revocation of the Conditional Allocation.

### **B. Placement in Service**

Projects with a Conditional Allocation must be placed-in-service no later than the date indicated in the Carryover Allocation Agreement or the 42(m) Letter.



#### i. Requests for Extension

The Department may extend the Project's placed-in-service deadline at its sole discretion by revoking the existing Conditional Allocation(s) and issuing a new Conditional Allocation or new Conditional Allocations.

In order for the Department to issue a new Conditional Allocation or new Conditional Allocations of LIHTC, the Owner must submit a written request including an explanation for the request.

#### ii. Extension Review and Allocation Fees

Projects that meet the City's affordable housing policy goals may be considered for a new Conditional Allocation. If a new Conditional Allocation is issued, then a new non-refundable reservation fee will be required.

#### iii. New Conditional Allocation Requirements

Projects receiving a new Conditional Allocation must comply with the QAP and any requirements from the prior Allocation, as determined by the Department.

### C. Extended Use Agreement

As required under Section 42(h)(6), each Owner must enter into a LIHTC Regulatory Agreement with the City to appropriately memorialize that the Project will comply with the requirements of Section 42, including but not limited to, the income and occupancy restrictions, for not less than thirty (30) years as required under the Code. At financial closing, the LIHTC Regulatory Agreement must be recorded with the Cook County Clerk's Recordings Division as a restrictive covenant on the real property on which the Project is located. The LIHTC Regulatory Agreement shall memorialize the waiver of the Qualified Contract in accordance with Section VIII.Q. The LIHTC Regulatory Agreement must be recorded prior to all other Project documents evidencing or securing the Project's financing.

Within thirty (30) days after the Owner files a completed IRS Form 8609 with the IRS, the Owner is required to submit the IRS Form 8609 to the Department's Bureau of Construction and Compliance, Long-term Monitoring Division.

### D. Required Monitoring

All Projects receiving an Allocation are subject to the following:

#### i. Construction Monitoring

Projects receiving a conditional award of City Financial Assistance may undergo field inspections by City staff during construction to monitor progress, verify commitments, check compliance with fair housing and accessibility rules, and identify delays. Non-compliance may affect the Project or any future applications for City Financial Assistance, as outlined in Section VIII.M.(iv), "Unacceptable Practices."

#### ii. Compliance Monitoring

All Projects receiving LIHTC must be monitored for compliance with Section 42 of the Code. Projects receiving additional sources of financing (including, but not limited to, HOME Program funds) will be subject to all applicable compliance regulations associated with those sources.

Income and occupancy restrictions will be monitored for a total of 30 years as required under the Code, including the initial Compliance Period and the Extended Use Period. Under Section 42 regulations, the Department may retain an agent or private contractor to perform compliance monitoring. In addition, the Department may delegate all or some of its compliance monitoring responsibilities to another LIHTC allocating agency within the State of Illinois.

Upon written notification by the Owner that a LIHTC Project has been placed-in-service, active monitoring for compliance with Section 42 will commence. The Owner is advised that compliance with the general public use requirement for LIHTC Projects requires compliance with the Fair Housing Act. An Owner's failure to comply with the Fair Housing Act will constitute non-compliance with the general public use requirement, and will report such non-compliance via an IRS Form 8823.

Section 42 regulations promulgated by the IRS require to undertake four levels of monitoring: Record-Keeping/Record Retention; Certification; Inspection; and Notification. Failure by the owner to provide the necessary information, documentation, and/or access to the Project for inspection will be construed as non-compliance. The Department must report acts of non-compliance to the IRS via IRS Form 8823.

#### *a. Record-Keeping/Record Retention*

The Owner is required to keep records for each building in the Project documenting the following:

- Tenant files that contain basic documents, such as rental applications, annual tenant income certifications, income verifications, utility allowances, and signed leases and addenda for qualified low-income units, including the required HUD-91067 VAWA lease addendum form that is completed at initial certification and recertification for all residents.
- Documentation supporting each income certification submitted by a tenant in a qualified low-income unit. For example, a copy of the tenant's federal income tax return, form W-2 or verification of income from third parties such as employers or State agencies paying unemployment compensation or assistance, if a tenant is receiving housing assistance payments under Section 8, the public housing authority can provide a statement to the Owner, declaring that the tenant's income does not exceed the application income limit under Section 42(g).
- Monthly unit listings (rent rolls) which contain the following information: Unit number, number of bedrooms, tenant name, floor space of unit (square feet), move in date, move-out date, number of household members, gross rent including any utility allowances, such as heat, electric and cooking gas, tenant rent portion, subsidized portion, and unit status (LIHTC or unrestricted unit).
- The percentage of residential rental units in the building that is qualified in connection with low-income units under the provisions of Section 42 (i.e., the Unit Fraction).
- For Projects placed-in-service prior to 1990, the number of occupants in each qualified low-income unit if the rent is determined by the number of occupants in each unit under Section 42(g)(2).
- For mixed-income Projects, the qualified low-income unit vacancies in the building and information that shows when, whom, the next available market or qualified low-income units were rented.
- All tenant selection documents, which are all to be made available to the City or its representatives for periodic inspection. These include, but are not limited to, the tenant selection plan documentation pertaining to income verification, employment verification, credit reports, and low-income computation forms.
- The Eligible Basis and Qualified Basis of each LIHTC building for the first year of the Credit Period.
- Compliance documents related to VAWA, including the VAWA Adherence Plan for the Project and notices of tenant occupancy rights under VAWA.
- The character and use of any non-residential space, such as tenant facilities, that is included in the Eligible Basis.
- Tenant facilities included in the Eligible Basis which are available to all tenants.
- Documents on any legal or administrative action initiated by either lower-income families, any City department, or private corporations, such as building code violations, violations against the fair housing code, foreclosures, etc.
- Copy of the IRS Form(s) 8609(s).

All relevant compliance documents and records must be collected consistently in accordance with VAWA's confidentiality requirements. The monitoring provisions require that the above-described be collected and maintained on an annual basis, for each year in each building during a project's Compliance Period and Extended Use Period by the Owner of a LIHTC Project. This information must be maintained for at least six (6) years after the due date, with extensions, for filing the federal income tax return for that year. The first year's records must be retained for at least six (6) years after the due date, with extensions, for filing the federal income tax return for the last year of the full Compliance Period. The total period is 36 years for LIHTC issued after 1990, with a Regulatory Agreement. Each Project's LIHTC Regulatory Agreement will state the total number of years required to keep the documentation for the LIHTC Project.

#### *b. Certification Process*

All Owners of qualified low-income Projects receiving an Allocation of LIHTC will receive the following documents from the Department to assist them in the monitoring process:

- **Record-Keeping Requirements:** The Department's record-keeping requirement package provides, in a concise form, the specific record-keeping information to be maintained by the Owner. It also suggests a format for the Owner to follow in order to comply with the monitoring regulations.
- **Annual Owner's Certification:** All Owners receiving an allocation of Tax Credits must submit the "Annual Owner's Certification" ("AOC") documentation by October 1 of each year, for the term of the Compliance Period and Extended Use Period, verifying that the Project conforms with the low-income provisions, as defined in Section 42, in addition to certifying to (i) through (xii) below. A copy of the most recent audited financial statements, the Project's VAWA Adherence Plan (and any documentation or housing transfer reports related to VAWA adherence activities), and copies of any City building inspection report are required with each annual certification. The last certification is due for submission in the year immediately following the end of the Extended Use Period. Failure to provide this documentation will constitute an act of non-compliance. The certification must specify that:
  - (i). The Project meets the requirements of the 20–50 test under Section 42(g)(1)(A), the 40–60 test under Section 42(g)(1)(B), or the "Average Income" test under Section 42(g)(1)(C), whichever minimum set-aside test was applicable to the Project, and if applicable to the Project, the 15-40 test under Section 42(g)(4) Section 42(d)(4)(B) for "deep rent skewed" Projects;
  - (ii). There was no change in the Applicable Fraction of any building in the Project, or that there was a change, and a description of the change;
  - (iii). The Owner has received an annual income certification from each low-income tenant, and documentation to support that certification; or, in the case of a tenant receiving Section 8 housing assistance payments, the statement from a public housing authority described in paragraph (b)(1)(vii) of this section. For an exception to this requirement, see Section 42(g)(8)(B) (which provides a special rule for a 100% low-income building);
  - (iv). Each low-income unit in the Project was rent restricted under Section 42(g)(2);
  - (v). All units in the Project were for use by the general public;
  - (vi). The buildings and low-income units in the Project were suitable for occupancy, considering local health, safety, and building codes (or other habitability standards), and the State or local government unit responsible for making local health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the Project;

(vii). There was no change in the Eligible Basis of any building in the Project, or if there was a change, the nature of the change (e.g., a common area that has become commercial space, or a fee that is now charged for a tenant facility formerly provided without charge).

(viii). All tenant facilities included in the eligible basis under Section 42(d) of any building in the Project, such as swimming pools, other recreational facilities, and parking areas, were provided on a comparable basis without charge to all tenants in the building;

(ix). If a low-income unit in the Project became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the Project were or will be rented to tenants not having a qualifying income;

(x). If the income of tenants of a low-income unit in the building increased above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the building was or will be rented to tenants having a qualifying income;

(xi). an extended low-income housing commitment, the City's LIHTC Regulatory Agreement," as described in Section 42(h)(6) was in effect for buildings subject to Section 7108(c) (1) of the Omnibus Budget Reconciliation Act of 1989, 103 Stat. 2106, 2308–2311), including the requirement under Section 42(h)(6) (B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f (for buildings subject to Section 13142(b)(4) of the Omnibus Budget Reconciliation Act of 1993, 107 Stat. 312, 438–439);

(xii). All low-income units in the project were used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(i)(3)(B)(iii) or single-room-occupancy units rented on a month-by-month basis under Section 42(i)(3)(B)(iv));

(xiii). During the 30-year affordability period, the Owner must attest in writing with the AOC package submission that on-site management staff has attended, in accordance with the requirements set forth in the Required Property Management Staff Credentials provisions contained in Section IX.M of this QAP, training specific to the Project type and received the corresponding certification(s). In addition to in-house training, the Owner must submit proof of certification(s) in accordance with the requirements set forth in the Required Property Management Staff Credentials provisions contained in Section IX.M of this QAP each year with the AOC package submission for at least one member of on-site management staff.

### *c. Inspection Process*

Pursuant to the applicable provisions of Section 42, the Department shall conduct on-site inspections of all buildings and shall review tenant income certifications for the low-income housing Project:

- By the end of the second calendar year following the year the last building in the qualified low-income Project is placed in service; and
- At least once every three (3) years thereafter, provided that, after expiration of the Compliance Period and during the Extended Use Period, inspections will occur at least once every five (5) years.

The Department will conduct on-site inspections and tenant income certification reviews for at least twenty percent (20%) of the LIHTC units, rounded up, with a minimum of one (1) unit per building.

Units subject to inspection will be identified through a random selection process, based on all Project units currently subject to monitoring. Ownership and property management will not be notified of the

specific units at the time of inspection; therefore, the Owner or the property management agent must give residents of all LIHTC units in the Project appropriate notification that their unit is subject to inspection.

#### *d. Notification Process*

The Department will provide written notification by regular mail to the Owner and/or property manager at least 14 days prior to:

- The date of impending physical inspection of the Project; or
- The date of pending inspection of tenant files and the AOC supporting documentation retained by the Owner or the property manager for qualified low-income units under the Program.

The Department will provide prompt notification to the Owner and/or property manager by regular mail:

- Upon failure of the Owner and/or property management to submit the Annual Owner's Certification, supporting documentation, rent records, or other information retained by the Owner or property management for qualified low-income units under the LIHTC Program; or
- Upon failure by the Owner to permit the City to inspect the Project; or
- Upon discovery by inspection or review that the Project is not in compliance with the provisions of Section 42.

An Owner will be given an opportunity to cure an occurrence of non-compliance ("Corrective Action Period"). The Corrective Action Period will not exceed 90 days from the date that the written notification was sent by the Department. The Department is required to file IRS Form 8823 with the IRS no later than 45 days after the end of the Corrective Action Period. This filing is required regardless of whether the non-compliance was satisfactorily cured. The form must explain the nature of the non-compliance and indicate whether the Owner has corrected the non-compliance. However, following the Compliance Period and during the Extended Use Period, the Department is no longer required to file IRS Form 8823 with the IRS.

#### *d. Failure to Comply*

Pursuant to the Unacceptable Practices section of this QAP, Sponsors or Owners may be deemed by the City to engage in one or more Unacceptable Practices (as such term is defined by this QAP) if any of the following apply:

- Failure to address the "IRS Form 8823 Report of Noncompliance or Building Disposition" deficiencies within the initial Compliance Period or Extended Use Period.
- History of non-compliance during the Compliance Period or Extended Use Period.
- Failure to satisfactorily remedy to the Department's standards any violation of fair housing, housing accessibility and/or any law that prohibits discrimination to applicants and/or residents of any property within the Owners' project portfolio.
- Unpaid or partially paid compliance monitoring fees and/or a history of unpaid fees for any property within the Sponsor's or Owner's project portfolio.

Owners or Sponsors who are affiliated with previous housing developments developed with City resources must ensure their project portfolio is both current and compliant with the requirements of the Department's Bureau of Construction and Compliance.

#### *e. Workout Plans*

If applicable, an Owner or Sponsor may be given the opportunity to create a portfolio workout plan with the relevant division(s) within the Department's Bureau of Construction and Compliance. Workout plans are unique and considered by the Department on a case-by-case basis; approval of any workout plan is at the sole discretion of the Department. Under no circumstances can workout plans include corrective



action for open findings for health and safety violations in connection with the physical condition of a Project property.

### XIII. Definitions

**"2025 Funding Round"** shall mean the competitive application cycle administered by the Department in accordance with the QAP, through which LIHTC and other forms of City Financial Assistance are made available for eligible affordable housing developments. The 2025 Funding Round includes all application deadlines, submission requirements, evaluation criteria, and funding determinations set forth in or governed by the QAP. The City may amend or supplement the 2025 Funding Round in its sole discretion, subject to applicable laws and regulations.

**"Allocation"** shall mean the award of LIHTC to a Project pursuant to Section 42 of the Code. An Allocation may be made pursuant to a Carryover Allocation Agreement or the issuance of IRS Form(s) 8609.

**"Applicable Fraction"** shall mean the percentage of a building that is treated as low-income use and generally eligible for LIHTC awarded pursuant to Section 42 of the Code. The Applicable Fraction is the lesser of the Unit Fraction or the Floor Space Fraction.

**"Applicable Percentage"** shall mean the credit percentage that qualified low-income housing project is eligible for in connection with Section 42 of the Code.

**"Area Median Income" ("AMI")** shall mean the median income of the metropolitan statistical area of Chicago, adjusted for family size, as such adjusted income and median income for the area are determined from time to time by HUD for purposes of Section 8 of the United States Housing Act of 1937.

**"Boost"** shall mean up to a thirty percent (30%) boost to the Eligible Basis of the Project.

**"Carryover Allocation"** shall mean an Allocation of LIHTC made by the Department under Section 42(h)(1)(E) of the Code to a specific building or Project that has not yet been placed in service as of the end of the calendar year in which the Allocation is made.

**"Centers for Independent Living"** shall mean not-for-profit organizations designated under Title VII of the Rehabilitation Act of 1973 and recognized by the Illinois Department of Human Services or its successor to provide independent living services and housing-related support to individuals with disabilities.

**"City Financial Assistance"** shall mean any assistance provided by the City through grants, direct or indirect loans, or allocation of tax credits for the development of residential housing units, including but not limited to LIHTC, Tax Increment Financing, IAHTC, and Multifamily Gap Financing.

**"Common Application"** shall mean a spreadsheet document created to enter the anticipated Project development budget, operating pro forma, and other financial and relevant Project information which will be submitted as part of a Preliminary Project Application, and which will be submitted as part of a Full Project Application, and used by the City in the evaluation of a proposed Project.

**"Compliance Period"** (notwithstanding Section 42(i)(1) of the Code) shall mean the period of fifteen (15) consecutive taxable years beginning with the first taxable year of the Credit Period for a LIHTC Project.

**"Conditional Allocation"** shall mean an Allocation of LIHTC to a Project that remains subject to all conditions of the QAP prior to the issuance of Form(s) 8609.

**"Construction Costs"** shall mean those costs related to the construction of a Project that will be captured in a construction contract, including cost of site work; trade payments; general contractor general conditions costs, general contractor overhead costs, and general contractor profit costs; any other general contractor costs included within the construction contract, including P&P bonds, permits, builder's risk, or remediation costs (see: Hard Costs).

**“Construction Milestone 1”** shall mean a stage in the development process, as defined by the Department and subject to revision, at which the Sponsor submits certain schematic-level design documents and preliminary construction-related data, in accordance with the requirements set forth in the Department’s Architectural and Technical Standards Manual or its successor, and which shall be deemed achieved only upon the Department’s written approval of such submissions.

**“Continuum of Care” or “CoC”** shall mean, pursuant to and in accordance with the requirements set forth by 24 CFR Part 578, the organization comprised of stakeholders committed to preventing and ending homelessness in the City of Chicago through the design and implementation of plans which are consistent with local, state, and federal policies.

**“Continuum of Care Lead Entity”** shall mean the organization designated by HUD under 24 CFR Part 578 to lead and manage the Continuum of Care. This entity is responsible submitting applications for relevant HUD funding, overseeing coordinated entry and system performance, and facilitating the development and implementation of strategies to prevent and end homelessness in coordination with Continuum of Care stakeholders.

**“Control”** shall mean (i) the possession, directly or indirectly, of a majority interest in the general partner, managing member, or equivalent decision-making body of an entity; (ii) the possession of the right or ability to appoint or remove a majority of the members of the governing body of such entity; (iii) the ability to approve, direct, or materially influence major decisions of such entity through any contractual, legal, financial, or other arrangement; or (iv) in the case of a not-for-profit entity, the ability of a for-profit entity or other party to exercise effective decision-making authority through governance or financial control as set forth in the entity’s legal documents. Control may be exercised individually or jointly with others acting in concert. For purposes of the definition of “Sponsor,” Control shall specifically mean a majority ownership interest in the general partner, managing member, or equivalent controlling entity of the Owner. (For clarity, “Control” as used in this definition refers to organizational or governance control and is distinct from “Site Control,” which refers to legal control over real property.)

**“Credit Period”** shall mean, in accordance with the Code, the duration of time starting either the year the Project property is placed-in-service, or if elected by the Project Owner, the year following the year the Project property is placed-in-service, over which an Investor or Owner can claim the allocated LIHTC for a qualified low-income housing Project, and which period is typically ten (10) years.

**“Difficult Development Area” or “DDA”** shall mean a geographic area designated by HUD as having high construction, land, or utility costs relative to area median income levels. DDA designations are updated annually by HUD and may include metropolitan or non-metropolitan areas that meet the criteria established under Section 42(d)(5)(B) of the Code. Projects located in a DDA may qualify for a 30% increase in Eligible Basis for purposes of calculating the LIHTC, subject to applicable federal rules and regulations and the provisions for a Boost contained in this QAP.

**“Donation Tax Credits”** shall have the same meaning as “Illinois Affordable Housing Tax Credits.”

**“Eligible Basis”** shall mean the total amount of Project development cost that would be eligible for generating LIHTC pursuant to Section 42 of the Code if all of the Project housing units were used for low-income housing.

**“Equity Gap Method”** shall mean the method for calculating the amount of LIHTC required for a Project that evaluates the difference between the total development costs and the total amount of debt financing, equity financing (including grants but excluding proceeds from the syndication of LIHTC), and deferred developer fees to determine the LIHTC equity needed, and in turn, the amount of LIHTC needed during each year of the Credit Period when the difference between the total development costs and the total amount of debt financing, equity financing (including grants but excluding proceeds from the syndication

of LIHTC), and deferred developer fees is divided by the proposed net cent raise and the resulting amount is divided by ten.

**“Extended Use Period”** shall mean, in accordance with Section 42(h)(6) of the Code, the period beginning on the first day of the Compliance Period and ending no earlier than the date which is thirty (30) years after the date the Project building is placed in service, and during which the Project comply with all applicable provisions of Section 42 of the Code, including the requirement that the Applicable Fraction of units remain both rent-restricted and occupied by qualifying low-income households. The Extended Use Period shall be enforced by a recorded land use restriction agreement and is irrevocable except in cases of foreclosure as permitted under Section 42(h)(6)(E)(ii). By submitting any Preliminary Project Application for any Project, the Owner thereby expressly waives any right to seek termination of the Extended Use Period through the Qualified Contract process described in Section 42(h)(6)(E)(i)(II) of the Code.

**“Fifty Percent Test” or “50% Test”** shall mean the requirement under Section 42 which mandates that at least fifty percent (50%) of the aggregate basis (including land and depreciable costs) of a Project must be financed with tax-exempt private activity bonds to qualify the entire Qualified Basis of the Project for the LIHTC at the 4% Applicable Percentage. If a Project fails to meet this threshold, only the portion of the Project financed with tax-exempt bonds shall be eligible for the 4% LIHTC.

**“Floor Space Fraction”** shall mean the fraction obtained by dividing the total floor space of the low-income units in the building by the total floor space of all residential units in the building (whether or not occupied).

**“Form 8609”** shall mean IRS Form 8609, *Low-Income Housing Credit Allocation and Certification*, issued by the City pursuant to Section 42 of the Code.

**“Form 8823”** shall mean IRS Form 8823, *Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition*, issued by the City pursuant to Section 42 of the Code.

**“4% LIHTC”** shall mean the non-competitive LIHTC authorized under Section 42 in connection with the acquisition, rehabilitation, or new construction of a qualified low-income housing Project and which provide a federal tax credit to the Owner of the Project equal to approximately four percent (4%) of the Qualified Basis of a Project per year over approximately a period of time equal to the Credit Period.

**“Full Project Application”** shall mean the entire set of required and requested documents as prescribed in the QAP and related checklist and submitted by a Sponsor to the City.

**“Hard Costs”** shall have the same meaning as “Construction Costs.”

**“HOME Program”** shall mean the HOME Investment Partnerships Program created under the Cranston-Gonzalez National Affordable Housing Act and Title 24, Code of Federal Regulations Part 92.

**“HOME-ARP Program”** shall mean the HOME Investment Partnerships Program – American Rescue Plan program authorized under Section 3205 of the American Rescue Plan Act of 2021, providing funding through the HOME Program to assist qualifying individuals and families who are homeless, at risk of homelessness, fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, or otherwise facing housing instability, and administered by HUD in accordance with Title II of the Cranston-Gonzalez National Affordable Housing Act, 24 CFR Part 92, as modified by applicable waivers and alternative requirements issued by HUD, including but not limited to those set forth in HUD Notice CPD-21-10 and HUD Notice CPD-21-15.

**“HOME Regulations”** shall mean the requirements of the HOME Program created under the Cranston-Gonzalez National Affordable Housing Act and Title 24, Code of Federal Regulations Part 92, and such

additional regulations, orders, rulings, interpretations, and directives for the HOME Program as may be promulgated or issued by HUD from time to time.

**“HUD”** shall mean the United States Department of Housing and Urban Development or its successor(s).

**“Identity of Interest”** shall mean the existence of any of the following conditions:

- When one or more of the officers, directors, stockholders, members, or partners of the Owner is also an officer, director, stockholder, member, or partner of any other Participant;
- When any officer, director, stockholder, member, or partner of the Owner has any financial interest whatsoever in any other Participant;
- When any Participant advances any funds or sells or donates property to the Owner;
- When any Participant provides and pays, on behalf of the Owner, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by any other Participant in connection with its obligations under its contract with the Owner;
- When any Participant takes any stock or any interest in the Owner entity, as part of the consideration to be paid.

**“Illinois Affordable Housing Tax Credits” (“IAHTC”)** shall mean affordable housing tax credits pursuant to Section 7.28 of the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., as amended and such act’s implementing regulations, 47 Ill. Adm. Code 355 et seq., as amended. (See: Donation Tax Credits)

**“Incompatible Uses”** shall mean any existing condition or adjacent land use that, in the City’s sole discretion, materially impairs the suitability of a Site for residential use, endangers the health or safety of occupants, or conflicts with applicable housing, planning, or zoning goals. This includes, but is not limited to, the presence on or immediately adjacent to the Site of designated floodplains, floodways, wetlands, streams, ravines, drainage features, excessively steep slopes, high-voltage transmission lines, or excessive lighting that disrupts residential livability. It also includes the presence within one-quarter ( $\frac{1}{4}$ ) mile of the Site of landfills, salvage yards, junkyards, hazardous chemical or heavy manufacturing facilities, railroad tracks (excluding tracks used for public transit such as CTA or Metra), airports or runway clear zones, sewage or waste treatment or storage facilities, consistent noise sources exceeding 70 decibels, prisons or correctional facilities, sources of persistent noxious odor, areas zoned as “M” or designated as planned manufacturing districts (“PMDs”), or sources of excessive lighting. The City may require mitigation or may disqualify a Site from program eligibility based on the presence of such uses.

**“Internal Loan Committee”** shall mean a multidisciplinary advisory body within the Department, composed of staff and leadership from the Housing Development Bureau, the Construction and Compliance Bureau, and other relevant divisions, responsible for reviewing proposed City Financial Assistance for feasibility, policy alignment, and program compliance, without possessing independent approval authority.

**“Investor”** shall mean, as context requires, an entity that receives or is proposed to receive LIHTC in return for an equity investment in the Owner of the relevant LIHTC Project.

**“LIHTC Program Timeline”** shall mean means the schedule of key phases in the LIHTC funding cycle as administered by the City. This includes, but is not limited to: (i) publication of the QAP; (ii) opening and closing of the Preliminary Project Application acceptance period or the Full Project Application acceptance period; (iii) Project evaluation and underwriting; and (iv) issuance of reservation or conditional commitment letters to Project Sponsors for City Financial Assistance. The timeline also encompasses subsequent milestones such as Carryover Allocation issuance, satisfaction of the 9% Tax Credit 10% Test, placed-in-service deadlines, and final allocation through Form 8609. Adherence to the LIHTC

Program Timeline is required to maintain eligibility, and any changes or extensions are at the sole discretion of the City, subject to compliance with Section 42 of the Code and applicable regulations.

**“LIHTC Regulatory Agreement”** shall mean the extended low-income housing commitment, regulatory agreement or restrictive covenants executed or to be executed by the Owner and the City and properly recorded in the Cook County Clerk’s Recordings Division on the real property on which the Project is located, setting forth certain terms and conditions under which the Project property is to be operated, and which must meet the requirements of Code Section 42(h)(6)(B).

**“Multifamily Gap Financing”** shall mean any Soft Loan(s) and/or Department-sourced grant funds (excluding funds that are derived from Tax Increment Financing). In addition, any 9% LIHTC provided in excess of \$1,800,000, may at the Department’s sole discretion, be considered Multifamily Gap Financing. Notwithstanding the foregoing, HOME-ARP Program funds shall always be considered Multifamily Gap Financing for purposes of calculating allowable Developer Fee, including for purposes of applying any Developer Fee caps or related-party financial benefit limitations. For all other purposes, HOME-ARP Program funds shall only be considered Multifamily Gap Financing to the extent the Department, in its sole discretion, elects to treat them as such. Nothing in this definition shall limit the Department’s ability to authorize an increased Developer Fee cap for Projects that meet the definition of Permanent Supportive Housing, consistent with applicable policies in the Underwriting Standards Guide. **“9% LIHTC”** shall mean LIHTC competitively allocated pursuant to Section 42 and which provide a federal tax credit equal to approximately nine percent (9%) of the Qualified Basis of an eligible low-income housing Project per year during the Credit Period.

**“Owner”** shall mean, as context requires, the single asset entity, organized under the laws of the State of Illinois, or any other state, that is awarded LIHTC pursuant to the QAP or any City Financial Assistance and which owns or will own the Project for the term of the Compliance Period, if any. The Owner shall be controlled by the Sponsor(s).

**“Participant”** shall mean a member of the Project’s development team, including Sponsor, general contractor, architect of record, property manager, and any joint venturer.

**“Permanent Supportive Housing” or “PSH”** shall mean permanent, affordable rental housing with supportive services that are voluntary, flexible, tenant-centered, and designed to assist Supportive Housing Populations, particularly those with disabilities or other significant barriers to housing stability. Development proposals must meet the following criteria to qualify as Permanent Supportive Housing:

- *Permanency:* Housing must be permanent, not time-limited or transitional. Tenant households must have a standard lease or sublease with full legal rights and responsibilities.
- *Affordability:* Units must be rent-subsidized and affordable to households with incomes below 30% of the AMI, with long-term affordability ensured through project- or tenant-based rental assistance.
- *Supportive Housing Populations:* Housing must serve individuals or families that qualify as a Supportive Housing Population as defined in this QAP.
- *Supportive Services:* Services must be appropriate, voluntary, flexible, and available on-site or through coordinated partnerships. At minimum, services should support tenancy, health, income, and daily living needs.
- *Integration and Design:* Designs should ensure privacy, dignity, and accessibility in compliance with fair housing and ADA requirements and units should be integrated within mixed-income developments whenever feasible to avoid concentration.
- *Sustainability and Referral Coordination:* Sponsors must show a plan for sustainable service and rental funding, and coordination with other systems of care appropriate to the priority population(s) served, including but not limited to the Chicago Continuum of Care, the Illinois Department of



Corrections, Cook County Sheriff's Office, Department of Children and Family Services, or Illinois Department of Human Services is strongly encouraged.

**"Preliminary Project Application" or "PPA"** shall mean the entire set of required and requested documents for a Site, market, financial feasibility, and Participant review as more fully described in Section VI of the QAP and the related checklist.

**"Problematic Site Characteristics"** shall mean any physical, environmental, legal, or logistical condition of a Site that, in the City's sole discretion, presents a material obstacle to the successful development, financing, construction, occupancy, or long-term operation of a residential Project. Such characteristics may include, but are not limited to: irregular or fragmented lot configuration; inadequate Site access or frontage; unresolved title issues or environmental contamination; encroachments or easements that limit buildable area; known geotechnical instability or soil conditions; significant Site grading or utility extension requirements; unavailability of water, sewer, or other essential infrastructure; or any other condition likely to cause excessive cost, delay, or risk to Project feasibility. In connection with City Financial Assistance, the City may request mitigation plans, reject proposals, or condition approvals based on the presence of such characteristics.

**"Procorem"** shall mean the cloud-based collaboration and document submission and management platform which facilitates secure file sharing, workflow management, and communication among authorized Project Participants and City personnel. The Department may, at its discretion, designate alternative procedures for file sharing and document submission, including but not limited to use of Microsoft SharePoint or in-person delivery.

**"Project"** shall mean a defined undertaking involving the acquisition, construction, rehabilitation or preservation of residential rental housing intended to provide safe, decent, and affordable accommodations to low- and moderate-income households, as determined by applicable income limits and affordability requirements established under local, state, or federal regulations or guidelines. For purposes of the LIHTC Program, the definition of a "Project" shall be consistent with 26 CFR Section 1.103-8(b)(4)(ii) and 26 CFR Section 1.42-3(c)(1), which generally define a project as a single building or multiple buildings, provided that all buildings are located on the same tract of land and are owned by the same entity, operated as part of a coordinated development, and subject to a single set of LIHTC Regulatory Agreements. For purposes of the HOME Program, a "Project" is defined in 24 CFR Section 92.2 as a site or sites together with any building(s) located on the site that are under common ownership, management, and financing and are to be assisted with HOME Program funds as a single undertaking. A project may contain more than one building and may include both HOME-assisted and non-HOME-assisted units. In connection with City Financial Assistance, "Project" shall align with the applicable programmatic definition based on the funding Sources involved and shall include all related activities such as planning, financing, design, development, regulatory compliance, and long-term management and affordability monitoring.

**"Qualified Basis"** shall mean the product that results from multiplying the Applicable Fraction of a Project by the Eligible Basis of the same Project and used as the base that is multiplied by the Applicable Percentage to determine the annual Project LIHTC.

**"Qualified Contract"** shall mean a bona fide offer to purchase a LIHTC Project as defined in Section 42(h)(6)(F) of the Code, and subject to the provisions of the Code.

**"Qualified Census Tract" or "QCT"** shall mean a federally designated geographic area in which either (1) at least fifty percent (50%) of households have incomes below sixty percent (60%) of the AMI, or (2) the poverty rate is twenty-five percent (25%) or higher, as determined by HUD. Projects located in a QCT may

qualify for a 30% increase in Eligible Basis for purposes of calculating the LIHTC, subject to applicable federal rules and regulations and the provisions for a Boost contained in this QAP.

**“Regulatory Agreement”** shall mean a regulatory agreement executed or to be executed by, as context requires, the Owner, the Sponsor(s), and the City, which sets forth the terms, conditions, and restrictions governing the development, occupancy, operation, and maintenance of a Project, including but not limited to requirements for income eligibility, rent limits, duration of affordability, tenant selection procedures, and ongoing compliance monitoring, all in accordance with applicable federal, state, and local laws and regulations, and recorded with the Cook County Clerk’s Recordings Division as a restrictive covenant on the real property on which the Project is located.

**“SAFE Transfer Pilot Program”** shall mean the Short-term Assistance for Emergency Transfer pilot program, a City program that facilitates emergency temporary housing and coordinated transfers to safer permanent housing for eligible residents of City-supported multifamily properties who are survivors of gender-based violence. The program operates in coordination with the Illinois Domestic Violence Hotline, The Network, and Family Rescue, and supports compliance with the emergency transfer requirements under the Violence Against Women Act. References to the SAFE Transfer Pilot Program shall be deemed to include any successor program or initiative established by the City for substantially the same purpose.

**“Site”** shall mean one or more contiguous parcels of land on which the Project will be developed. Each Site shall be identified by a legal description, which may be subject to modification during the course of the Project due to resubdivision or other lawful changes, provided that such changes are documented and approved as required. The Site is intended to be encumbered by a Regulatory Agreement. A Site may comprise all or part of a larger property and must be clearly delineated in all applicable application and closing documentation.

**“Site Control”** shall mean legally enforceable rights to own, lease, or otherwise secure use of a Site for the purposes of developing a Project, valid for at least twelve (12) months beyond the Full Project Application deadline and consistent with City requirements. Acceptable documentation includes fee simple ownership by the Sponsor or Owner, a binding purchase or lease agreement, a binding donation agreement or government letter of intent (excluding City-owned Sites, which are separately governed), or, for Preliminary Project Applications only, a signed Preliminary Owner Willingness Letter indicating the owner’s intent to sell, lease, or donate the Site. All Site Control documentation must meet the standards and include the information specified in the QAP, including but not limited to: a legal description of the Site, pricing terms consistent with the Project budget, and, where the Site Control documentation encompasses property larger than the Project Site, a valuation consistent with the Underwriting Standards Guide, including a per-square-foot allocation and a fair market appraisal or other methodology approved by the Department.

**“Soft Loan”** shall mean City-provided debt that serves as a Project Source and requires principal or interest payments at below-market rates.

**“Source”** shall mean any funding resource that will pay Project Uses, including loans, equity, and grants.

**“Sponsor”** shall mean the entity that is applying for City Financial Assistance for a Project. The Sponsor shall control the Owner of the Project for the term of the Compliance Period. The Sponsor shall not be a single asset entity. Project consultants and other like professionals shall not be considered as Sponsors.

**“Supportive Housing Populations”** shall mean any of the following groups:

- *Individuals or Families Experiencing Homelessness*: In accordance with the meaning assigned in paragraph (1) of the “Homeless” definition in [24 CFR Section 578.3](#), persons residing in a place not meant for human habitation, in emergency shelter, or in transitional housing; or

- *Individuals or Families at Imminent Risk of Homelessness*: Persons who will lose their primary nighttime residence within 14 days and lack the resources or support networks to secure other housing; or
- *Individuals or Families Exiting an Institutional Setting*: Persons exiting a publicly funded institution, or system of care, such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution, without a housing placement or at risk of or currently experiencing housing instability; or
- *Individuals or Families Experiencing Homelessness as Defined Under Other Federal Statutes*: Persons who are doubled up with others due to loss of housing or economic hardship, or residing in motels, hotels, or single room occupancy units due to lack of alternative permanent housing options; or
- *Survivors of Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking*: Persons fleeing or attempting to flee gender-based violence or human trafficking who have no other safe residence and lack the resources or support networks to obtain permanent housing.

**“Tax Increment Financing” or “TIF”** shall mean a public financing method authorized by the Illinois Tax Increment Allocation Redevelopment Act (as amended) and used to stimulate redevelopment or economic development within a tax increment financing redevelopment plan area.

**“Trauma-informed Design”** shall mean an approach to architectural and environmental planning that integrates principles of trauma-informed care into the design and development of the built environment and acknowledges that individuals – particularly those experiencing Homelessness, housing instability, or other forms of adversity – may have histories of trauma that influence their behavior, perception, and interaction with physical spaces. Additional provisions for Trauma-informed Design are contained in the ATSM that is in effect as of the Full Project Application Deadline.

**“Underwriting Standards Guide”** shall mean the most recent version of the manual issued by the City of Chicago Department of Housing, setting forth the financial feasibility standards, underwriting criteria, and required documentation for Projects seeking LIHTC or other forms of City Financial Assistance. The Underwriting Standards Guide may be amended by the Department from time to time in its sole discretion and applies to all Projects subject to this QAP.

**“Unit”** means any accommodation containing separate and complete facilities for living, sleeping, eating, cooking, and sanitation (e.g., a residential dwelling consisting of one apartment, one single family home, one half of a two-flat/duplex, etc.). Such accommodations may be served by centrally located equipment such as air conditioning or heating.

**“Unit Fraction”** shall mean the fraction obtained by dividing the number of low-income units in a building by the total number of units in the building (whether or not occupied).

**“Use”** shall mean any cost associated with the development of a Project. These include, but are not limited to, acquisition costs, construction costs, relevant third-party fees, financing costs, reserve costs, and developer fee.

**“VAWA Adherence Plan”** shall mean a written policy and set of procedures, applicable to a specific Project and subject to approval by the City, that is adopted by the Owner, Sponsor, or Project property manager, to ensure compliance with the Violence Against Women Act (“VAWA”). The Plan shall provide for protections against eviction, denial of housing, or other adverse actions based on an individual’s status as a victim of domestic violence, dating violence, sexual assault, or stalking. It shall include, at a minimum, protocols for tenant notification, emergency transfer procedures, confidentiality safeguards, and staff training, and must be consistent with all applicable federal statutes, regulations, and guidance, including but not limited to Section 601 of VAWA (34 U.S.C. § 12491) and implementing regulations

issued by HUD. Where applicable, the Plan shall also incorporate participation in or coordination with the City's SAFE Transfer Pilot Program.

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## Appendix

**Table 1**

Mandatory Component	Reference(s)	Preliminary Project Application	Full Project Application
Project Narratives	VIII.A; VI.A	Required	Required (updated/full version)
Community Engagement Plan	VIII.B	Required (framework)	Required (with summary/results)
Site Control Documentation	VIII.C	Required	Required (updated/firm)
Zoning Narrative or Compatibility Statement	VIII.D	Optional	Required
Development Team Experience Certifications	VI.A; VI.C.iv; VIII.M.i	Required (except GC)	Required (per ATSM and updated if changed)
Emerging Developer/Vendor Documentation (if applicable)	VIII.M.iii	Optional	Optional
Preliminary Architectural Drawings	VIII.H.ii; ATSM	Required (preliminary plans)	Required (in accordance with ATSM)
Construction Scope Summary / Intent	VIII.H.i; VII.J.ii; ATSM	Required (as part of Project Narratives)	Required (certified)
Construction Cost Breakdown	VIII.I; ATSM	Not Required	Required
Physical Needs Assessment (if applicable)	VIII.J; ATSM	Optional	Required
Market Justification	VI.D.ii; VIII.L	Required – Market Context Summary	Required – Full Markey Study
Local Planning Documentation (if applicable)	VI.D.ii; VIII.L	Optional	Optional
Community Revitalization Strategy documentation (if applicable)	VI.D.ii; VIII.L	Optional	Required
General Contractor Procurement Narrative (if applicable)	VIII.H.iv; ATSM	Optional	Optional



Mandatory Component	Reference(s)	Preliminary Project Application	Full Project Application
Supportive Services Plan for Permanent Supportive Housing (if applicable)	VIII.P.ii	Required (overview as part of Project Narratives)	Full Supportive Services Plan Required
Environmental Information	VIII.G	Known Issues Only (part of "Sites" Common Application page)	Required - Phase I (and Phase II if available or needed)
Floodplain / Floodway Status	VIII.E	Not Required	Required if applicable
Historic Preservation Timeline (if applicable)	VIII.F	Not Required	Required
Relocation Plan (if applicable)	VIII.K	Not Required	Required
Common Application with financial model of Project	VI.A, VIII.I, VIII.L	Required	Required
Financing Acknowledgement Letters and Applicable Related Documentation	Underwriting Standards Guide	Optional	Required
Sponsor Financials and Litigation Disclosure	VIII.M.i	Required	Required (updated if needed)



