



**BOARD OF COMMISSIONERS
REGULAR SCHEDULED MEETING
12:00 P.M., Thursday, April 12, 2018
GHURA's Main Office
1st floor, Conference Room, Sinajana
AGENDA**

I. ROLL CALL

II. APPROVAL OF PREVIOUS BOARD MINUTES - March 23, 2018

III. CORRESPONDENCE AND REPORTS Page(s)

IV. OLD BUSINESS

- 1. Board Action Item No. 037/18**
Update on the Construction of the Sinajana Central Precinct
(Ref. Minute Nos.: 099/17, 311/17, 330/17, & 006/18)
- 2. Board Action Item No. 059/18**
Update on Executive Order 2018-004

V. NEW BUSINESS

- 1. Intent of Award 1 - 9**
Water blasting of roofs and exterior painting of units at AMP1 sites
- 2. LIHTC 2018 QAP memo dated April 6, 2018 10-55**
Resolution No. FY2018-015 to adopt the 2018 Guam Qualified Allocation Plan (QAP) for the Low-Income Housing Tax Credit (LIHTC) Program, as created by the Tax Reform Act of 1986 Section 42 of the United States Internal Revenue Code.

VI. GENERAL DISCUSSION / ANNOUNCEMENTS

- 1. Next proposed scheduled Board Meetings - April 27th**

VII. ADJOURNMENT

BOARD OF COMMISSIONERS
REGULAR SCHEDULED MEETING
12:00 p.m., April 12, 2018

GHURA Main Office, 1st floor conference room
Sinajana, Guam

MINUTES

After notice was duly and timely given pursuant to the Open Government Law of Guam and the Bylaws of the Authority, the Board of Commissioners' regular scheduled meeting of **Thursday, April 12, 2018** at 12:00 p.m. at the GHURA Sinajana Main Office, 1st Floor Conference Room was conducted.

I. ATTENDANCE, QUORUM, AND CALL TO ORDER

COMMISSIONERS PRESENT: George A. Santos, Chairman
 Thomas E. B. Borja, Vice-Chairman
 George F. Pereda, Member
 Joseph M. Leon Guerrero, Resident Commissioner

COMMISSIONERS ABSENT: Carl V. Dominguez, Member (excused)
 Eliza U. Paulino, Member (excused)

LEGAL COUNSEL: Anthony Perez

MANAGEMENT & STAFF: Michael J. Duenas, Executive Director
 Pedro A. Leon Guerrero, Deputy Director
 Melinda Taitano, Special Assistant
 Albert Santos, A&E Manager

Meeting was called to order at 12:00 p.m. by Chairman Santos who acknowledged the presence of the above attendees. The Chairman then indicated that the minimum number of Commissioners required for a quorum was present and that the meeting could proceed.

Minute No.	Ref. No.	Approval of Previous Board Meeting	Action By:
075/18 076/18		<p>Chairman Santos called for a motion to be made on the approval of the Minutes for the previous Board Meeting on March 23, 2018.</p> <p>After review and further discussion by the Board Members, a motion was made by Commissioner Pereda and seconded by Resident Commissioner Leon Guerrero to approve the Board Minutes of March 23, 2018 as submitted.</p>	
Minute No.	Ref. No.	Action Items from Prior Meetings	Action By:
	037/18	<p>Update on the Construction for the Sinajana Central Precinct</p> <p>Mr. Albert Santos stated that our Director, Deputy Director, and himself met with a couple of the members of the Guam Police Department (GPD) at the site to see how the project was coming along. Their biggest concern was that they weren't aware of how big the footprint of the structure was.</p> <p>Half of the building and the walls have started and the main underground utilities such as water and power are in. The contractors were given authorization to proceed to cover up these utilities with cement. The first layer of cement was done to cover up the power lines. A leak test was conducted to the water lines and all had passed therefore work to cover them up with cement will be done as well.</p>	Albert Santos

Minute No.	Ref. No.	Action Items from Prior Meetings	Action By:
	037/18 continuation	<p>Work on the second half of the structure which is the part that we had them re-dig up and re-compact will begin. The generator house is progressing along. Also the structure that will serve as their outside break room has began.</p> <p>GPD is pretty much pleased to see how much things have progressed although nothing appeared to be done from roadside.</p> <p>The contract is scheduled for completion at the end of August. Rex is fully aware of this. They are looking at bringing in more workers since the infrastructure has been pretty much completed and approved. This will eventually speed up the work. Most of the items being ordered will be coming in within the next month and a half and the duct flow system is currently being worked at another location.</p> <p>Mr. A. Santos stated that the drawdown of the 1.5 million is still expected to be met as well.</p>	
	059/18	<p>Update on Executive Order 2018-004</p> <p>Director Duenas stated that the Governor's Executive Order is to basically establish a furlough on all government agencies including autonomous agencies.</p> <p>There will be a pull back in terms of this executive order now that the legislature has passed the increase in GRT.</p> <p>Director Duenas stated that he is unsure if they will be any more</p>	Michael Duenas

Minute No.	Ref. No.	Action Items from Prior Meetings	Action By:
	059/18 continuation	<p>developments concerning the furloughs as it applies to GHURA.</p> <p><i>Chairman Santos stated that he will consider this matter closed for now</i></p>	
Minute No.	Ref. No.	NEW BUSINESS	Action By:
077/18		<p>Intent of Award, Water blasting of roofs and exterior painting of units at AMP1 sites</p> <p>Mr. Albert Santos stated this bid was originally awarded to P & E Construction however it was terminated. He then met with the next lowest bidder, Asia Pacific who declined due to other commitments. The third lowest bidder was BME, however they were \$200,000.00 over the government estimate. Therefore, he decided to re-issue the bid including the exterior painting of the units in Asan this time around.</p> <p>Genesis Tech came out to be the lowest bidder at \$287,500.00 which included the painting of the Asan units. They are currently contracted to do the project at AMP4 which will be completed at the end of this month.</p> <p>Therefore we are requesting the Board to approve this award of contract to the lowest, responsive, and responsible bidder which is Genesis Tech for the amount of \$287,500.00.</p>	Albert Santos

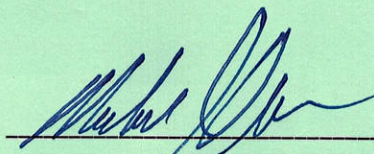
Minute No.	Ref. No.	NEW BUSINESS	Action By:
078/18		<p>A motion was made by Resident Commissioner Leon Guerrero and seconded by Vice Chairman Borja to approve a contract with Genesis Tech Corp. for Base Bid Item #1 in the amount of \$287,500.00 for the Water blasting of roofs and exterior painting to all 158 units at AMP1 sites. Without any further discussion and objection, the Motion was approved.</p>	
079/18		<p>LIHTC 2018 QAP memo dated April 6, 2018 - Resolution No. FY2018-015 to adopt the 2018 Guam Qualified Allocation Plan (QAP) for the Low-Income Housing Tax Credit (LIHTC) Program, as created by the Tax Reform Act of 1986 Section 42 of the United States Internal Revenue Code</p> <p>Director Duenas stated that we are asking the Board to adopt and approve the 2018 Qualified Allocation Plan for the Low Income Housing Tax Credit by the approval of the Resolution No. FY2018-015.</p> <p>We've had our Public Hearing and we've addressed the comments that were brought up during this hearing. One of the critical portions that will be going into the 2018 QAP is the issue on zoning. We are basically requiring that as part of the submission that the property that they are looking to develop is already zoned accordingly.</p> <p>Other than that, we had made some adjustments to the scoring to encourage certain things. Most developers will try to maximize their points, however, there are some areas</p>	Michael Duenas

Minute No.	Ref. No.	NEW BUSINESS	Action By:
079/18 continuation 080/18		<p>that they won't be able to. We also included a criteria for Public Housing if the project is to build replacement units for Public Housing.</p> <p>A motion was made by Vice Chairman Borja and seconded by Resident Commissioner Leon Guerrero approve Resolution No. FY2018-015 adopting the 2018 Guam Qualified Allocation Plan (QAP) for the Low-Income Housing Tax Credit (LIHTC) Program, as created by the Tax Reform Act of 1986 Section 42 of the United States Internal Revenue Code. Without any further discussion and objection, the Motion was approved.</p>	
Minute No.	Ref. No.	General Discussion / Announcements	Action By
081/18		Next Proposed Scheduled Meetings: Friday, April 27 th	

082/18 ADJOURNMENT

There being no further business before the Board, a motion was made by **Vice Chairman Borja** and Seconded by **Resident Commissioner Leon Guerrero** which was unanimously agreed upon, to adjourn the meeting. The meeting was adjourned at **12:29 p.m.**

(S E A L)




MICHAEL J. DUENAS
Board Secretary/Executive Director

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
ATURIDAT GINIMA YAN RINUEBAN SIUDAT**

April 3, 2018

MEMORANDUM:

TO: Board of Commissioners

FROM: Executive Director 

SUBJECT: Intent of Award, water blasting of roofs and exterior painting of units at AMP1 sites

Bid opening for the subject project was held on April 2, 2018 at 2:00PM. There was a total of 13 contractors that purchase a set of bid specification of which 7 submitted a bid. Listed below are the results of the bids submitted, which were open and read out aloud.

<u>Contractors</u>	<u>Base Bid #1</u>
1. Excell Co.	\$398,375.85
2. Genesis Tech	\$287,500.00
3. AmManabat Corp.	\$473,000.00
4. Korando Corp.	\$550,214.75
5. JRN A/C & Ref. Inc.	\$460,264.89
6. Canton Construction Corp.	\$377,936.00
7. Clayarch Inc.	\$545,700.00

Government Estimate: \$343,534.00

This project which was cancelled was originally awarded to P&E Construction in the amount of \$283,975.00. Staff were instructed to explore other options to complete the projects. In doing so, in order to move this project forward it was recommended that staff be permitted to initiate discussions with the next lowest bidder with an aim to engage them and re-submit for board approval on the outcome of those discussions.

Our Staff did meet with the next low bidder Asia Pacific who submitted a bid in the amount of \$293,920.00 which they decline due to on-going commitments to complete another project. The next low bidder in line is BME & Sons at \$468,259.35 which is \$206,000.00 over the government estimate.

Our staff then decided to re-package and re-bid the project to include the exterior painting of the Asan site which was not part of the original bid specification. Therefore, the change is required to be considered a re-bid.

Based on our staff's review of the new bid results they have determine that bidder # 2 is lowest responsive responsible bid for Base Bid Item #1. On April 3, 2018 our staff met with Mr. Kim president of Genesis Tech who submitted the lowest bid for Base Bid Item 1 at 16% less than the Government estimate. In our discussion he stated that based on his current contract for the same type of work being done at AMP 4, which consist of 234 units, his bid amount is consistent for the 158 units at AMP1. Furthermore, that based on his present progress at AMP4, he will be completing all 234 units ahead of schedule (End of April 2018) and on budget.

In our review, because 50% of the required work is for painting, contractors are required to be licensed with the classification of C33, which Genesis Tech does have as indicated in the Verification of License from the Contractors' License Board. The Contractor is cleared by Department of Labor compliance, OSHA and EPLS Debarred list (see attached verification).

Based on our staff's review and determination, we are requesting the Board approve a contract with **Genesis Tech Corp. for Base Bid Item 1 in the amount of \$287,500.00** for the water blasting of roofs and exterior painting to all 158 units at AMP1.


Attachment: Bid Tabulation
Clearance
Gov cost estimate
Verification of License from the Contractors License Board

At the Regular Board Meeting of April 12, 2018, a motion was made by Resident Commissioner Leon Guerrero and seconded by Vice Chairman Borja to approve a contract with Genesis Tech Corp. for Base Bid Item 1 in the amount of \$287,500.00 for the Water Blasting of roofs and exterior painting to all 158 units at AMP1. Without any further discussion and objection, the Motion was approved.

IFB # GHURCA-2-28-2018-AMPI
 water blasting of roofs and exterior painting of units at GHURCA AMP
 Proposal due Date: 4/2/18
 Proposal Due 2pm

Michael Dumas Executive Director

Package No	NAME OF BIDDER	Base Bid item	Deductive bid (amp)	BID	NAME OF BONDING CO. AND ADDRESS	Form CB	Form C10	Form C12	AG 2,3,4,5 & 7	RUD 3300-A	certifications/licenses	1, 2
	EXCAL CO.	398,315.89	279,179.00	15,000	CC CONST 360	✓	✓	✓	✓	✓	✓	✓
	GABEIS-TECH	287,500.00	191,300.00	500	O.E. & OF CONST	✓	✓	✓	✓	✓	✓	✓
	ARMAMENTARY CORP.	473,000.00	364,000.00	500	1st Nat Insurance	✓	✓	✓	✓	✓	✓	✓
	KORAND CORP.	550,214.73	277,886.48	500	LOYON INS.	✓	✓	✓	✓	✓	✓	✓
	STAN ALC & REF. INC.	400,264.84	245,628.18	500	PROTELIABILITY	✓	✓	✓	✓	✓	✓	✓
	CANTON CONST. CORP.	577,936.00	225,693.00	500	1st Nat INS.	✓	✓	✓	✓	✓	✓	✓
	CLAYBACH, INC.	545,100.00	379,214.00	500	LEON INS.	✓	✓	✓	✓	✓	✓	✓

ATTESTED BY:  Date: 4/2/18

 Date: 4/2/18

 Date: 4/2/18

Date:

Date:

water blasting of roofs and exterior painting of units at GHURA AMP1 sites

IFB # GHURA-2-28-2018-AMP1

Bid submission

Due Date: April 2, 2018 2:00 PM

	Company Name	Submitted by	Phone
1	EXCEL CO.	ERNESTO TAPANG	727-828-04
2	Genetifem	Yasuda	888-547-81
3	AMMANABAT CORP.	Richmond Manibest	969-2269/971-0079
4	KORANOO COOP	JACK KIM	483-8750
5	JPN AK (K.F./M)	DAN GOMEZ	649-8720
6	CANTON	Bobby Young	685-3006
7	CLAYARCH, INC.	Min Chul Kong	486-8290
8			
9			
10			
11			
12			

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
ATURIDAD GINIKAYAN RINUBERAN SUDDAT GLAHAN
Verification of Status for Contractors

<i>Triple Tech Incorporated</i>				
<i>Alice 1/6</i>				

Department of Labor:

<i>ALPCD</i>	<i>Cleared 03/29/18</i>			
<i>Felt Employment Practice</i>	<i>Cleared 03/26/18</i>			
<i>Wage & Hour</i>	<i>Cleared 03/29/18</i>			
<i>Workers Compensation</i>				

Guam Contractors License Board

<i>Contractor to obtain clearance from Guam Contractors License Board</i>				
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U.S. Department of Labor

<i>Cleared 03/26/18</i>				
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Revenue & Tax DIVISION

<i>Contractor to report to Revenue and Tax Office</i>				
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GSH/A

<i>Processed</i>				
<i>Update 02/28/18 and 1/18/18</i>				

SAM Debarred List

<i>Cleared 03/26/18</i>				
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COST ESTIMATE

ACTIVITY AND LOCATION: Roof cleaning and exterior painting at AMP1

CONSTRUCTION CONTR:

SHEET 1 OF 1

PROJECT TITLE: water blasting, and exterior painting of units at the various amp1 site	IDENTIFICATION NO.	DATE PREPARED
ESTIMATED BY Albert H. Santos, AE MA		3/2/2018

ITEM DESCRIPTION	QUANTITY		UNIT COST	ENGINEERING ESTIMATE	TOTAL
	NUMBER	UNIT			
AMP 1					
water blasting					
Mongmong, Sinajana and Agana Heights (138 units)	41544	sf	0.25	\$	103,861.00
Asan (26 Units)	85000	sf	0.30	\$	25,500.00
sub-total				\$	129,361.00
Exterior painting					
Mongmong (48 units)	97552	sf	0.60	\$	58,531.20
Sinajana (46 units)	96838	sf	0.60	\$	58,102.80
Agana Heights (38 units)	86292	sf	0.60	\$	51,775.20
Asan (26 Units)	65378	sf	0.70	\$	45,764.60
subtotal				\$	214,173.80
total				\$	343,534.80

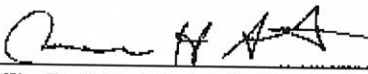


Contractors License Board
Inetnon Manlisensiayen Kontratista
Government of Guam

542 North Marine Corp Drive A Tamuning, Guam 96911
649-2211,9676 or 646-7262 or 649-2210(Fax)

Verification of License

Company Genesis-Tech Corporation	License Number CLB11-0850	Date Issued 6/24/2011
Address P.O. Box23059 Barrigada, Guam 96921	Phone Number: 637-3370 888-5785	
Name of Responsible Management Employeea(RME) Young Chun Kom	License Number 7499	Date issued 7/27/1998
Licensed Status: Corporation	Complaints On File No complaints filed	
Expires: June 30, 2018		
Licensed to perform the following:		
Classification	Description of Classification	
A	General Engineering	
B	General Building	
C11	Demolition	
C13	Electrical	
C15	Electronic System	
C18	Fencing	
C20	Fire Protection	
C26	Insulation	
C33	Painting & Decorating	
C37	Plumbing	
C42	Roofing	
C53	Solar	
C55	Water Proofing	
C68	Epoxy Coating/Injection	
	Please Note: The Contractor's license certificate is the contractor's business license. If you have any questions please contact our office at 649-9676.	


Carmelita Santos, Administrative Assistant

29-Mar-18
Date

OFFICIAL RECEIPT NUMBER: 12082



GHURA

Guam Housing and Urban Renewal Authority
Aturidat Ginima' Yan Rinueban Siudat Guahan
117 Bien Venida Avenue, Sinajana, GU 96910
Phone: (671) 477-9851 · Fax: (671) 300-7565 · TTY: (671) 472-3701



MEMORANDUM

To Board of Commissioners
Via Executive Director 
From Chief Planner 
A/E Manager
Date 06 April 2018
Subject LIHTC 2018 QAP
Comments to Draft QAP

Hafa Adai Commissioners,

The comment period for the 2018 LIHTC QAP Draft concluded on Friday, March 02 2018. The agency received one public comment letter from Coretech Development, LLC.

The letter received, notes from the Public Comment meeting, Counsel's comments, and a matrix of our proposed responses to the inquiries of the QAP are attached for your review. Please note public comment inquiries and revisions are highlighted in the QAP attached.

We seek the Board's approval of this final QAP draft in order to start the official 2018 QAP application process.

We are available at your leisure to discuss any aspect of this process.

Thank you.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
BOARD OF COMMISSIONERS**

RESOLUTION FY2018-015

Moved By: THOMAS BORJA **Seconded By:** JOSEPH LEON GUERRERO

RESOLUTION TO ADOPT THE 2018 GUAM QUALIFIED ALLOCATION PLAN (QAP) FOR THE LOW-INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM, AS CREATED BY THE TAX REFORM ACT OF 1986 SECTION 42 OF THE UNITED STATES INTERNAL REVENUE CODE.

WHEREAS, the Guam Housing and Urban Renewal Authority ("the Authority") has recognized the importance and need to adopt a Qualified Allocation Plan in order to facilitate the LIHTC Program, created by the Tax Reform Act of 1986, that encourages the development or rehabilitation of local low-income housing rental units; and

WHEREAS, the Authority wishes to implement a qualified LIHTC Program, which provides Federal Tax Credits to qualified project owners who agree to maintain all or a portion of a project's units for low-income individuals or families, prepared in compliance with regulations which govern the program as contained in Section 42 of the Internal Revenue Code; and

WHEREAS, the Governor of Guam has duly designated the Authority to serve as Guam's Housing Credit Agency to administer and make allocations of LIHTC under Section 42(h) of the Internal Revenue Code; and

WHEREAS, the Authority has developed, in accordance with the Omnibus Spending Bill of 2000, Omnibus Budget Reconciliation Act of 1989 and the Budget Reconciliation Bill of 1990, a Qualified Allocation Plan (QAP) which sets forth, (1) the criteria to evaluate and allocate tax credits to projects which best meet the housing needs of Guam, and (2) the procedures to monitor for compliance with the provisions of the LIHTC Program; and

WHEREAS, the Authority has made amendments to the QAP for 2018, to update the Plan in order to capture Guam's current affordable housing priorities; and

WHEREAS, the Authority has conducted and completed a public review process of the QAP, to solicit comments for consideration on any and all aspects, from interested individuals and other entities; and, now therefore be it;

RESOLVED, that the Guam Housing and Urban Renewal Authority Board of Commissioners has duly adopted the 2018 Guam Qualified Allocation Plan of the LIHTC Program.

IN THE REGULAR BOARD MEETING, SINAJANA, GUAM – April 12, 2018

PASSED BY THE FOLLOWING VOTES:

AYES: George Santos, Thomas Borja, Joseph Leon Guerrero, George Pereda

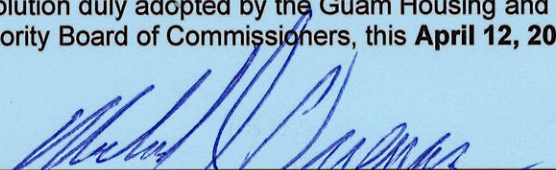
NAYS: NONE

ABSENT: Eliza Paulino, Carl Dominguez

ABSTAINED: NONE

I hereby certify the foregoing is a full, true and correct copy of the Resolution duly adopted by the Guam Housing and Urban Renewal Authority Board of Commissioners, this **April 12, 2018**.

(SEAL)


MICHAEL J. DUENAS
Board Secretary/Executive Director

2018 QAP PUBLIC COMMENT CHANGES

Change No.	2018 QAP Page No.	Required Action	Staff Recommendation/Proposed Changes	Board Decision
1	5-6	<p>Participation Elements Site Control and Criteria 4 Here 4 points are given for site control and 0 points are given for no site control. However, section III B 2, states site control is a minimum threshold requirement to receive consideration. Thus, if no site control, the applicant will not be considered. The QAP does not need to reference 0 points for no site control as that applicant would be disqualified from consideration.</p>	<p>Participation Elements Site Control GHURA will remove Criteria 4 from Selection Criteria and include it under the Participation Elements under Site Control.</p>	Approve
2	8	<p>Criteria 2 Projects with greater percentage of low-income units than required Concerning affordability, the goal is to have the higher percentage of the projects to households earning a lesser amount of the AMGI. In considering such, state that 60% of the project earning 50% or less and 40% of the project earning 60% or less for 2 points, and 80% projects to 50% and 60% projects to 60% households for 4 points. By doing so, a bigger portion of the projects would be for households earning a lesser percentage of the AMGI.</p>	<p>Criteria 2 Projects with greater percentage of low-income units than required GHURA will incorporate the following structure for Criteria 2 (Please refer to page 8 of QAP): "40%...earning 60%" "60%..earning 50% " "60%..earning 60% " "80%...earning 50% " "100%...earning 50% " This will decrease the gap between those within our Section 8 threshold and the 60% AMGI</p>	Decline

2018 QAP PUBLIC COMMENT CHANGES

Change No.	2018 QAP Page No.	Required Action	Staff Recommendation/Proposed Changes	Board Decision
3	12	<p>Criteria 9. Project Characteristics. The suggestion is to combine the scoring into 2 points and stating: The project is located in a qualified census tract and the development of which includes the use of existing housing a part of a concerted community revitalization plan. This language is taken from Section 42(m)(1)(B)(iii)(III) and C iii. The language of the IRC merges the qualified census tract and community revitalization plan into a single preference.</p>	<p>Criteria 9 Project Characteristics GHURA notes both characteristics of qualified census tract and community revitalization plan are recommended criteria to use under the Internal Revenue Code 42. However, HUD has not designated a qualified census tract for Guam nor does Guam have its own community revitalization plan and both characteristics were separated in the event one of those actions becomes available. GHURA will not combine both characteristics.</p>	Approve
4	15-16	<p>Criteria 15. Green Building / Energy Efficiency. This criteria state that projects must incorporate ... However, the criteria goes on to show that certain energy efficient practices are not required, but a contractor may elect to include such energy efficient features. Do not state "must incorporate" as it contradicts the rest of the body of this criteria. Also, 0 points are awarded if all eight features are not incorporated. However, that discourages a contractor from utilizing some features but not others. A contractor unable to incorporate all 8 features would have little incentive to incorporate a lesser number of features where they would not get any points for doing so. The suggestion is to give points for incorporating fewer number of features than all 8.</p>	<p>Criteria 15 Green Building / Energy Efficiency GHURA will remove must incorporate from criteria. GHURA will include LEED certification to the required features and break down points thereafter should the project incorporate less than the eight required features. GHURA will restructure points at a minimum of 2 to a maximum of 12. This will challenge the applicant to incorporate more of the energy efficient features for better projects. (Please reference Criteria 15 for update)</p>	Decline

2018 QAP PUBLIC COMMENT CHANGES

Change No.	2018 QAP Page No.	Required Action	Staff Recommendation/Proposed Changes	Board Decision
5	N/A	<p>Participation Elements</p> <p>Contractor Profit (page 6) caps overhead, profit and general conditions to 14% of the hard costs. Including General Requirements in this cap is both outside standard industry practices (in the LIHTC market) and an unfair requirement for contractors on Guam. General Conditions are not an area of profit for contractors on LIHTC projects and must be related to actual hard costs associated with the construction of the project. Cost certifications by experienced and it firms confirm these costs are both appropriate and incurred by the contractor for every project completed. Including General Conditions in this cap will put the projects at risk by only attracting contractors without experience or organizational infrastructure or encourage cheap/shotty construction work. The request is that the 14% contractor profit cap only apply to those items that can construction work. Additionally, the 14% contractor profit cap only apply to those items that can be considered profit to a contractor and not to those costs that are a normal part of building quality projects.</p>	<p>Participation Elements</p> <p>Contractor Profit GHURA will remove Contractor Profit and Developer Fee from the Minimum Threshold. The intention was for the applicant(s), especially those with LIHTC experience, to address the increased contractor profit and developer fee percentages in relation to the project. These elements will be addressed in the selection criteria.</p>	Approve Decline

2018 QAP PUBLIC COMMENT CHANGES

Change No.	2018 QAP Page No.	Required Action	Staff Recommendation/Proposed Changes	Board Decision Approve Decline
6	9	<p>Criteria 3 Project Federal Tax Credit/Low-Income Rental Unit Ratio Criteria 3 awards points based on the total number of gross annual tax credits requested divided by the total number of units proposed. The comparatively high costs of construction on Guam combined with the decreased net value of tax credits under the new federal corporate tax structure makes this point scale almost impossible to achieve unless very low-quality construction is used. The suggestion is that the scale be adjusted to reflect the current cost environment as well as net value of the tax credits in the syndication market.</p>	<p>Criteria 3 Project Federal Tax Credit/Low-Income Rental Unit Ratio The figures represented in Criteria 3 were adjusted for the increased cost of construction. At current adjustments, this may yield a lower volume of units but will not impede the development a project. GHURA will leave the criteria as is.</p>	
7	10-11	<p>Criteria 7 Project Location and Housing Needs Characteristics Criteria 7 awards additional points for projects which are located in areas where market demand and financial feasibility (ability to get debt and equity commitments) are likely not achievable. The additional points have the possibility (and even likelihood) of rewarding and awarding projects that will either fail to attract investor partners in the beginning or struggle to lease up and stay full after construction is completed. The suggestion is to remove these extra points or at least minimizing the impact they have on applications by shrinking the difference in point levels.</p>	<p>Criteria 7 Project Location and Housing Needs Characteristics The addition to develop in both the central and southern regions of Guam was incorporated as to diversify the projects because in prior LIHTC cycles the projects remained predominantly in the northern part of Guam. Keeping the criteria as is would challenge the developers to build in communities not heavily populated and in remote locations. This will not discourage the applicant as well because points are still awarded even if the development ends up in the northern region. GHURA will leave the criteria as is.</p>	

2018 QAP PUBLIC COMMENT CHANGES

Change No.	2018 QAP Page No.	Required Action	Staff Recommendation/Proposed Changes	Board Decision
8	11-12	<p>Criteria 8 Developer Experience Criteria 8 only provides a maximum of 5 points for "Developer Experience". As GHURA has seen in the past and can certainly appreciate, the amount of LIHTC finance, development and property management experience on a proposer's team is almost certainly the greatest indicator of whether the project will be successful and be able to close and stay in compliance. The suggestion for this Criteria is to give experience a greater number of potential points.</p>	<p>Criteria 8 Developer Experience GHURA will consolidate the categories of developers who failed project proposals and developers who have experience but a history of chronic or substantive noncompliance and/or failed to meet LIHTC requirements and give them the same amount of points. GHURA will adjust points given from 0-8. (Please reference criteria 8 for correction).</p>	Approve Decline
9	13	<p>Criteria 11 Total Project Cost Percentage Criteria 11 is largely the same as Criteria 3 and has the same concerns/issues in our opinion.</p>	<p>Criteria 11 Total Project Cost Percentage This percentage in Criteria 11 examines the project as a whole whereas Criteria 3 examines the ratio that identifies cost per unit over a span of 10 years. Both are important data to obtain. GHURA will not remove the Total Project Cost Percentage as a selection criteria.</p>	

2018 QAP PUBLIC COMMENT CHANGES

Change No.	2018 QAP Page No.	Required Action	Staff Recommendation/Proposed Changes	Board Decision
10	15-16	<p>Criteria 15 Green Building / Energy Efficiency Criteria 15 awards points for including energy efficient design elements and systems in a proposer’s development plan. These items are beneficial to community and GHURA, but the “all-or-nothing” structure of this criteria does not allow for projects to implement almost all of the elements and receive any points and takes away design and development considerations from experienced developers and forces them to utilize systems that may not work on certain types of projects (i.e., Grid-tied Solar Power System on small lots without room for ground-mounted systems while requiring Solar water-heaters that take up most of the available roof area). The suggestion is to allow points based on the number of elements selected and not the all-or-nothing structure currently proposed.</p>	<p>Criteria 15 Green Building / Energy Efficiency GHURA notes that this is a recurring public comment, so GHURA will approve of the following laid out in Change No. 4.</p>	Approve Decline

2018 QAP PUBLIC COMMENT CHANGES

Change No.	2018 QAP Page No.	Required Action	Staff Recommendation/Proposed Changes	Board Decision
11	17	<p>Criteria 19 Developer Fee</p> <p><i>Criteria 19 awards points for projects where Developer Fee is lower than the maximum allowed. The intent with this Criteria is to reward projects that spend more on hard costs and less on soft costs like Developer Fee. However, the unintended consequence of this criteria (and the 7 points that could be obtained) is that projects become less attractive to experienced developers (and, therefore have an increased probability of failure) and a significant source of financing and eligible basis is removed from the financing structure of these projects. In almost all LIHTC projects, a significant portion of the Developer Fee is deferred (paid over time from property cash flows) as costs of these projects always exceed the capital available to them. Even if the Developer Fee cannot be fully paid from the project budget, it is included in eligible basis and is a vital portion of that calculation. By limiting Developer Fee, GHURA is making the projects harder (or impossible) to finance and attractive only to those not familiar with the actual costs associated with these types of projects. The suggestion is to remove this Criteria from the QAP completely as it does not represent a financially responsible way of trying to improve the quality of the LIHTC developments on Guam. The current cost environment, greatly-reduced equity prices, increased requirements for energy efficient systems, etc. have made these projects very difficult to get financed</i></p>	<p>Criteria 19 Developer Fee</p> <p><i>Developer fee was added both to the minimum threshold and Selection criteria in order to generate the public interest and prior year applicants to reevaluate how much of the project will be absorbed by the use of the tax credits, and to understand market trends with other housing agencies nationwide. In prior cycles, developer fee has increased from 15% to 18% or more. GHURA will remove Developer Fee from the Minimum Threshold, will keep local developer fee percentage at 18% maximum of the project, and will keep the fee as a selection criteria factor.</i></p>	<p>Approve</p> <p>Decline</p>

Guam 2018 Low-Income Housing Tax Credit Qualified Allocation Plan (Draft)

Guam Housing and Urban Renewal Authority

**Submission for Review and Approval by GHURA BOC
1/17/2018**

GHURA developed this Qualified Allocation Plan (QAP) which sets forth (1) the criteria to evaluate and allocate tax credits to projects which best meet the housing needs of Guam, and (2) the procedure to monitor for compliance with the provisions of the Low-Income Housing Tax Credit Program.

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GOVERNMENT OF GUAM
LOW-INCOME HOUSING TAX CREDIT PROGRAM
2018 QUALIFIED ALLOCATION PLAN

I. Introduction

The Low-Income Housing Tax Credit (LIHTC) Program, created by the Tax Reform Act of 1986, is intended to encourage the construction or rehabilitation of low-income rental units. The regulations which govern this Program are contained in Section 42 of the Internal Revenue Code (the “Code” or IRC). The LIHTC Program provides Federal tax credits to qualified project owners who agree to maintain all or a portion of a project's units for low-income families. The Guam Housing and Urban Renewal Authority (GHURA) has been designated as the agency responsible for the administration of the LIHTC Program for Guam.

GHURA developed this Qualified Allocation Plan (QAP) which sets forth (1) the criteria to evaluate and allocate tax credits to projects which best meet the housing needs of Guam, and (2) the procedure to monitor for compliance with the provisions of the LIHTC Program.

**This allocation plan shall be effective for LIHTC reservations and awards in
calendar year 2018. The QAP is subject to amendment by the GHURA
Board of Commissioners.**

The QAP will utilize a point system to rank projects based upon the evaluation criteria established. The ranking of projects, along with all other relevant data, will determine the priorities to be followed by GHURA in allocating tax credits to the projects under consideration. The scores derived from the point system will be a component of the overall evaluation, and not the sole determining factor for the awarding of tax credits. In addition to the scores derived, GHURA will review all relevant data required in the application. GHURA retains the option to approve or reject applications based on GHURA’s assessment of Guam’s housing needs during the period covered by the QAP. Projects selected under this QAP shall be evaluated as to the minimum amount of tax credits required in order to make the project feasible.

Guam’s 2018 tax credit allocation total is \$2,988,891 (\$2,710,000 allocation for 2018 plus an additional \$278,891 remaining tax credits from 2017). Applicants seeking housing credit allocations in excess of the 2018 total must demonstrate the financial capability to complete the project or show that the project can be scaled to fit the available 2018 funding. GHURA supports and encourages applicants to consider the merits of mixed financing in pursuit of sustainable affordable development.

II. Application Process

Applications for the LIHTC are available at GHURA's website at www.ghura.org or by submitting a written request to GHURA at the address shown below.

Guam Housing and Urban Renewal Authority (GHURA)
c/o Executive Director
117 Bien Venida Avenue
Sinajana, Guam 96910

Applications for tax credits should be submitted to GHURA by no later than **2:00 p.m., Friday, June 15, 2018**. GHURA shall have the right to defer the consideration of any application if such deferral is deemed in the best interests of meeting housing needs.

GHURA reserves the right to reject any and all applications that fail to comply with the requirements of the QAP. GHURA further reserves the right to waive minor informalities and/or minor irregularities in any application at its discretion.

Application forms provided by GHURA must bear original signatures where signatures are required. Photocopies of supporting documents will be accepted. Application should be computer-generated or typed. Handwritten applications are prohibited. Application should have content, formatting and pagination identical to that of the 2018 Application Form provided by GHURA. It should have no missing information or any information that is erroneous, incomplete or inconsistent. All attachments and supporting documentation required must be included in the Application package.

GHURA shall review the application and supporting documents to ensure that it is complete and contains all required information. Complete applications shall then be evaluated in accordance with the QAP to determine the project's rank in relation to other projects in the evaluation. Projects must meet a minimum score of 82 out of 117 to be evaluated to determine the minimum amount of tax credits required to make the project feasible. Projects with a score of 81 or less shall not be considered for award or reservation. The amount of tax credits reserved or allocated to a particular project will be limited to the amount GHURA, in its sole discretion, deems necessary to make the project feasible.

The QAP will utilize a point system to rank projects based upon the evaluation criteria established. In addition to the scores derived, GHURA will review all relevant data required in the application which include, but are not limited to, the applicant's financial statements, experience in producing low-income housing units, reasonableness of development and operating budgets, and an independent market study in awarding the tax credits. If GHURA determines clarification is required, applicant will be notified via written notice. Applicant will be given 5 business days from the date of the notice to provide the information.

Projects selected under this allocation plan shall then be evaluated as to the minimum amount of tax credits required in order to make the project feasible.

III. Selection Criteria

It is GHURA's intent to maximize the use of the Territory's limited resources to address the substantial need for rental homes that are accessible and affordable to Guam's low-income households. Emphasis is placed on serving lower income people and on efficiently leveraging LIHTCs and other financing resources to increase and sustain the supply of affordable rentals in communities that are suitable for such development.

A. 9% Credits:

- 1) Applicants are advised that the agency will administer 9% LIHTC credits only to be used for the following:
 - a. New Construction
 - b. Rehabilitation of existing inventory but excluding acquisition costs of real estate, buildings, and depreciable assets from eligible basis (no acquisition LIHTC).
- 2) Project owner/applicant must be established and registered with the Territory of Guam.

B. Participation Elements

Applicants must meet the following to receive consideration for an allocation or award of Low Income Housing Tax Credits.

- 1) **Market Study:** A comprehensive Market Study of the housing needs of low-income individuals in the area to be served by the project by a disinterested third party must be submitted as part of this application. The Market Study shall be completed at the Owner's expense. Any application failing to submit a Market Study or submits a Market Study with a date older than 6 months before the date of application submission will not be considered for an award of tax credits. Market Study requirements are specified in Appendix 1.
- 2) **Site Control and Zoning:** To receive consideration for an award of LIHTC, the applicant must have control of the site in a form acceptable to GHURA. Evidence of site control shall be submitted with the application for Low Income Housing Tax Credits. Site control shall be substantiated by providing evidence in the form of an executed lease or sale option agreement, fee simple deed, executed land lease, or any other documentation acceptable to GHURA. Evidence of site control must be provided for all proposed sites.

For example: Applicant shall provide evidence that the seller in a purchase agreement or the lessor under the ground lease is the actual owner of the property. Acceptable evidence is a copy of the recorded deed or a title commitment referencing the owner and the seller or lessor are the same.

In addition, the applicant shall obtain all necessary zoning and entitlements for the property, including subdivision approvals and upon receipt of credits, is ready to proceed with the development of the project (keeping the project concept within

the allowable land use parameters) without any additional development approvals other than customary land disturbance and building permits.

- 3) **Capital Needs Assessment** (For projects acquiring an existing property. All Units need to be reviewed.)

To ensure that the proposed rehabilitation of the project is adequate and that the property will have a useful life that exceeds the compliance and additional use period (collectively the Extended Use Period). A capital needs assessment of the property by a competent third party shall be submitted with the application. A capital needs assessment is a qualified professional's opinion of a property's current physical condition. It identifies deferred maintenance, physical needs and deficiencies, and material building code violations that affect the property's use, structural and mechanical integrity, and future physical and financial needs. The Capital Needs Assessment shall identify any work that must be completed immediately to address health and safety issues, violation of Federal or local law, violation of local code, or any work necessary to ensure that the building can continue to operate as affordable housing.

- 4) **Public Housing Waitlist Programs**

Applicant shall certify that all low-income units will be made available to people on the waiting list for low-income public housing. The following shall be submitted with the application:

- a) Public Housing Waitlist Certification
- b) Copy of the letter submitted to the local public housing authority which administers the public housing waiting list

- 5) **Smoke Free**

All projects will be smoke free. Owners must prohibit smoking in all indoor common areas, individual living areas (including balconies and car ports), and within 20 feet of building entries or ventilation intakes. A non-smoking clause must be included in the lease for each household.

- 6) **Debt Service Ratio**

- a) Hard Debt Service:
 - i) Defined as scheduled regular and periodic principal and/or interest payments of project loan obligations made for its direct benefit, as evidenced by a note and loan agreement.
 - ii) The Applicant is required to support all hard debt service loans and terms with executed lenders' commitment letters, letters of interest, or term sheets on the Application.
- b) Underwriting Criteria:
 - i) The Project shall evidence compliance with this section through the operating Proforma on the application.

- 7) **Phase I Environmental Assessment**

Required for all applications.

For acquisition/rehabilitation projects (if applicable), the Phase I Environmental Assessment should address lead based paint and asbestos.

8) **Proof of Non-Profit Status**

If applying under the Federal non-profit set aside, submit the following:

- a. Articles of Incorporation
- b. Copy of current 501(c)(3) IRS Tax Exemption Letter

IV. Selection Criteria Point System

Each application will be evaluated and awarded points in accordance with the following criteria. Unless otherwise indicated, all references to low-income unit(s) or low-income rental unit(s) shall mean low-income housing tax credit unit(s).

Application must have a **minimum score of 81 out of 116 points to be considered for award.**

	CRITERIA	POINTS
1	Project will provide low-income units for a longer period than is required under Section 42 of the Internal Revenue Code.	0 to 6
2	Project will provide a greater percentage of low-income units than required under Section 42 of the Internal Revenue Code.	2 to 8
3	Project's federal tax credit/low-income rental unit ratio.	0 to 7
4	Project will serve tenant populations of individuals with children.	0 or 3
5	Project will serve tenant populations with special housing needs.	0 or 1
6	Qualified Non-Profit Organization	0 to 4
7	Project location and housing needs characteristics	0 to 16
8	Developer experience	0 to 8
9	Project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan	0 to 2
10	Replacement of existing public housing units	0 to 1
11	Total Project Cost Percentage	0 to 10
12	Project will receive project-based rental assistance	0 to 5
13	Local/Federal Government Support	0 to 2
14	Projects intended for eventual tenant ownership	0 to 2
15	Green Building / Energy Efficiency	2 to 12
16	Historic nature of the project	0 to 1
17	Public Housing Waiting List	0 to 3
18	Project Reasonableness	0 to 18
19	Developer Fee	0 to 7

Criteria 1. (0-6 Points)

Project will provide low-income units for a longer period than is required under Section 42 of the Internal Revenue Code.

Applicants electing to commit to an Extended Use Period inclusion of the 15-year LIHTC compliance period will be awarded points based on the table below. By making this election, the applicant elects to waive its right to exercise a request for a qualified contract pursuant to Section 42(h)(6)(E)(i)(II). The elections will be recorded in the Restrictive Covenant Document. Points will be awarded based on the following:

Extended Use Period	Points Available
15 year compliance period plus 46 years or more	6 Points
15 year compliance period plus 30 to 45 years	4 Points
15 year compliance period plus 16 to 29 years	2 Points
15 year compliance period plus 0 to 15 years	0 Point

Criteria 2. (2-8 Points)

Project will provide a greater percentage of low-income units than required under Section 42 of the Internal Revenue Code.

With respect to the set-aside affordability, if project provides:

Description	Points Available
40% of the project to households earning 60% or less of AMGI, and 60% of the project to households earning 50% or less of AMGI	2 Points
60% of the project to households earning 60% or less of AMGI, or 80% of the project to households earning 50% of less of AMGI.	4 Points
100% of the project to households earning 50% or less of AMGI	8 Points

Criteria 3. (0-7 Points)

Project's federal tax credit/low-income rental unit ratio.

The ratio is derived as: "Total Federal Tax Credits Requested (Annual)/Total Number of Proposed Low-Income Rental Units".

Greater than	Less than	Points Available
\$45,999.00		0
\$41,999.00	\$45,999.00	1
\$37,999.00	\$41,999.00	3
\$33,999.00	\$37,999.00	4
\$29,999.00	\$33,999.00	6
	\$29,999.00	7

Criteria 4. (0 or 3 points)

Project will serve tenant populations of individuals with children.

The Project will serve tenant populations of individuals with children for at least 30% of all low-income housing units.

	Points Available
If the answer to the question is NO	0 Points
If the answer to the question is YES	3 Points

Criteria 5. (0 or 1 point)

Project will serve tenant populations with special housing needs

	Points Available
<p>Special needs. Special needs groups are "persons for whom social problems [including homelessness], age or physical or mental disabilities impair their ability to live independently and for whom such ability can be improved by more suitable housing conditions."</p> <p>Projects may receive 1 point for this criterion if it commits to the following:</p> <p>The project will set-aside at least 20% of all units for tenant populations with special housing needs. Persons with special housing needs may include the physically and mentally disabled. Units intended to serve the homeless must be used as permanent supportive housing, as regulation forbids the use of LIHTC projects as transient homeless shelters. To receive consideration for this criterion:</p>	1 Point

<p>ii) The project must commit to provide case management or services specific to this population or special facilities to accommodate the physically disabled. (Please provide details of the services and/or special facilities)</p> <p>iii) The Market Study shall specifically address the housing needs for the special needs group.</p>	
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Criteria 6. (0-4 Points)

Qualified Non-profit Organization

An interest in the Project is owned by a qualified non-profit organization as defined in Section 42(h)(5)(B), (C) of the Internal Revenue Code.

	Points Available
If the answer to the question is NO	0 Points
<p>If the answer to the question is YES, the organization must be a qualified non-profit organization at time of application submission. Organization must exist in and be qualified to do business in Guam. According to IRC Section 42(h)(5)(C), qualified non-profit organization:</p> <ul style="list-style-type: none"> a) must "...own an interest in the project (directly or through a partnership) and materially participate (within the meaning of section 469(h)) in the development and operation of the project throughout the compliance period"; b) "...is described in paragraph (3) and (4) of section 501(c) and is exempt from tax under section 501(a)"; c) "...is determined by the State housing credit agency not to be affiliated with or controlled by a for-profit organization"; and d) "one of the exempt purposes of such organization includes the fostering of low-income housing." <p>Documents to show proof of qualified non-profit organization should be submitted with application.</p>	4 Points

Criteria 7. (0-16 Points)

Project location and housing needs characteristics

Application must include a comprehensive Market Study of the housing needs of low-income individuals in the area to be served by the project. It must be conducted by a disinterested party. The Market Study must be completed at the Owner's expense. Any application which fails to submit a Market Study or submits a Market Study dated over 6 months from the time of application submission, shall be returned to the applicant and will not receive further consideration.

Market Study requirements are specified in Appendix 1.

The points awarded will be based on GHURA's evaluation of following factors:

Description	Points Available
Documented/supported market demand.	10 Points
Proposed rental rates are below market rents for the immediate surrounding area.	
Housing characteristics (e.g., design, density) appropriate for neighborhood.	
Impact to the existing public systems of education, public safety, and utilities infrastructure.	
Neighborhood conducive to family use.	

Additional points will be awarded to projects located in the following areas:

Project Location	Points Available
Northern Region: Dededo, Tamuning, or Yigo	1 Points
Central Region: Agana Heights, Asan, Barrigada, Chalan Pago/Ordot, Hagåtña, Mangilao, Mongmong/Toto/Maite, Piti, or Sinajana	3 Points
Southern Region: Agat, Inarajan, Merizo, Santa Rita, Talofof, or Umatac	6 Points

Criteria 8. (0 to 5 Points)

Developer experience

The points awarded will be based on GHURA's evaluation of the following factors:

Description	Points Available
Developer (or any member/staff of the development team) has a record of successfully completing LIHTC projects or projects on a scale equal to or greater than that of the proposed project and in accordance with the original project schedule.	8 Points
Developer (or any member/staff of the development team) has a record of successfully completing LIHTC projects or similar projects but on a scale smaller than the proposed project.	5 Points
Developer (including general partners, affiliates, and members/staff of development team) has a history of chronic and/or substantive noncompliance and/or failed to meet the requirements of the Low Income Housing Tax Credits Program for previous projects or failed in meeting the	1 Points

objectives of the program on past proposals.	
Developer has no experience in completing LIHTC projects or projects on a similar or lesser scale than the proposed project.	0 Points

Criteria 9. (0-2 Points)

Project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan

Project is located in Qualified Census Tract. The project will redevelop existing housing, which contributes to a concerted community revitalization plan as determined by GHURA.

Description	Points Available
The project is located in a Qualified Census Tract.	1 Point
The project will contribute to a community revitalization plan. (Copy of the plan to be submitted with the completed Application for GHURA’s review to claim the point.)	1 Point
The project is neither located in a Qualified Census Tract nor contributing to a community revitalization plan.	0 Points

To receive consideration for this criterion, applicant must provide an explanation on how this project is in compliance with such plan and its benefit to the overall community. The applicant must provide a letter of interest or a binding agreement with the government agency administering the community revitalization plan.

Criteria 10. (0-1 Points)

Replacement of existing public housing units

Project includes the development of new housing to replace existing public housing units.

	Points Available
If the answer to the question is NO	0 Points
If the answer to the question is YES	1 Point

To receive consideration for this criterion, the applicant must provide a letter of interest or a binding agreement from the local administering Public Housing Authority to participate in a HUD-approved activity.

Criteria 11. (0 to 10 Points)
Total Project Cost Percentage

If total federal tax credit requested (gross) as a percentage of total project cost is:

Description	Points Available
Greater than 80% of total project cost	0 Points
71 % through 80% of total project cost	1 Point
61 % through 70% of total project cost	2 Points
51 % through 60% of total project cost	4 Points
41 % through 50% of total project cost	6 Points
40% or less of total project cost	10 Points

Criteria 12. (0-5 Points)

Project will receive project-based rental assistance.

Project will be receiving project-based rental assistance subsidies which would result in eligible tenants paying approximately 30% of their gross monthly income towards rent. Eligible programs shall include, but not be limited to, the Rural Development 515 Loan Program and HUD Housing Choice Voucher/Section 8 Project-Based Rental Assistance Program.

	Points Available
If the answer to the question is NO	0 Points
If the answer to the question is YES	5 Points
<p>If the whole project has a secured authorization for project-based subsidies then 5 points are awarded. If only a portion of a project has project based subsidies, then the scoring will be adjusted based upon the percentage of units subsidized. The percentage is derived as "Number of Subsidized Units / Tax credit and non-tax credit subsidized units," provided they are developed simultaneously.</p>	

Criteria 13. (0-2 Points)

Local/Federal Government Support

The project will receive a below market loan or grant from a federal agency or Government of Guam agency other than GHURA which, in total amounts to 10% or more of the total development cost.

Description	Points Available
(i) The project has not applied for a below market loan or grant from a federal agency or Government of Guam agency, or if the total amount applied for is less than 10% of total development costs.	0 Points
(ii) The project has applied for a below market loan or grant from a federal agency or Government of Guam agency. Documentation must provide evidence that an application for financing has been submitted.	1 Point
(iii) The project has received a commitment from a federal agency or Government of Guam agency. A copy of a commitment letter or contractual agreement must be included in the application.	2 Points

Criteria 14. (0-2 Points)

Projects intended for eventual tenant ownership

Developer will sell the units with a preference towards selling to current residents after 15 years.

	Points Available
If the answer to the question is NO	0 Points
If the answer to the question is YES	2 Points

Projects will offer tenants the opportunity for home ownership. The applicant will offer tenants a Right of First Refusal to acquire the property in accordance with Section 42(i)(7) of the Internal Revenue Code. The applicant must provide a plan discussing how the project will offer the units for homeownership to tenants.

Criteria 15. (2-12 Points)**Green Building / Energy Efficiency**

Projects should use energy-efficient practices that promote resource conservation. In addition, all project units **must be individually metered.**

	Points Available
Projects that elect to be LEED certified and include all (8) eight of the features listed below	12 Points
Projects that elect to be LEED certified only	10 Points
Projects that elect to include all eight of the features listed below	8 Points
Projects that elect to include fewer than eight of the features listed below	6 Points
Projects that elect to include fewer than six of the features listed below	4 Points
Projects that elect fewer than four of the features listed below	2 Points

Required features:

1. Installation of solar thermal, tank less, or tank-type water heaters that meet ENERGY STAR standards.
2. Installation of water conserving plumbing fixtures: water sense high efficiency toilets (less than 1.28 gallons per flush), showerheads with rated flow less than 1.75 gallons per minute (gpm), kitchen aerators with rated flow less than 1.5 gpm, and bathroom aerators with rated flow less than 1.0 gpm.
3. Installation of five or more ENERGY STAR qualified light fixtures, ceiling fans equipped with lighting fixtures, and/or ventilation fans in each unit.
4. Installation of photo sensors or timers on all outdoor lighting and ENERGY STAR or high-efficiency commercial grade lighting fixtures (T8) in all common areas.
5. Installation of ENERGY STAR appliances including refrigerators, dishwashers, and clothes washers (horizontal axis) in each unit.
6. Reducing heat effects by using ENERGY STAR low emissive roofing products for at least 50 percent of the roof area; or a combination of high-albedo and vegetated roof covering 75 percent of the roof area. Reduce asphalt surface areas and use low emissive pavement coatings and materials for at least 25% of paved surfaces.
7. Provide an easily accessible area dedicated to recycling (at a minimum) newspaper, corrugated cardboard, glass bottles and jars, aluminum cans, and plastic containers (#1 and #2).
8. Equip with “Grid-tied Solar Power System” panels that are to be under warranty for no less than 12 years.

Upon completion of the project, a certification from a third party, architect, or engineer verifying the green building practices listed above have been used to construct or rehabilitate the building shall be submitted. Failure to provide the certification by six months after the issuance of the IRS Form 8609 will result in forfeiture of the good faith deposit. (Reference Section VI. Fees – Good Faith Deposit)

Criteria 16. (0-1 Points)

Historic Nature of the Project

The proposed project will preserve the historic nature of an existing building.

The proposed project involves the preservation of a building(s) on a national or state historic registry.

	Points Available
If the answer to the question is NO	0 Points
If the answer to the question is YES	1 Point

Criteria 17. (0-3 Points)

Public Housing Waiting List

The applicant demonstrates that all low-income units will be made available to people on the waiting list for low-income public housing.

	Points Available
If the answer to the question is NO	0 Points
If the answer to the question is YES	3 Points

Criteria 18. (0 to 18 Points)
Project Reasonableness

The points awarded will be based on GHURA's evaluation of any and all factors that could impact project reasonableness, such as, but not limited to:

Description	Points Available
Reasonableness of development costs & Feasibility of financing structure	0-5 Points
Operational feasibility (for example, unreasonable operating expenses)	0-5 Points
Adequacy of Reserves including but not limited to Operating Reserve and Repair and Replacement Reserve	0-3 Points
Services and amenities provided to tenants that will enhance the livability of the project. (Please cite and narrate the services to be provided and the partners involved within the project.)	0-3 Points
Adequacy of project contingencies in the development budget	0-2 Points

Criteria 19. (0 to 7 Points)
Developer Fee

The applicant elects to limit the total Developer Fee as a percentage of the total development cost (excluding developer fee and reserves) as presented in the application. The Developer Fee includes total fees paid to the Developer, including, but is not limited to, consulting fees, project management fees, developer overhead, and developer fees. Architectural, Engineering, Accounting, and Legal fees are not included as the Developer Fee.

Applicants receive scores for this criterion based on the table below. Please note the different categories for New Construction vs. Acquisition / Rehabilitation applications.

New Construction		Acquisition / Rehabilitation			
		Fee on Acquisition		Fee on Rehabilitation	
Fee	Points	Fee	Points	Fee	Points
18% > Fee ≥ 16%	0	13% > Fee ≥ 11%	0	18% > Fee ≥ 16%	0
16% > Fee ≥ 14%	1	11% > Fee ≥ 9%	1	16% > Fee ≥ 14%	1
14% > Fee ≥ 12%	2	Fee < 9%	3	14% > Fee ≥ 12%	2
12% > Fee ≥ 10%	3			Fee < 9%	4
10% > Fee ≥ 8%	5				
Fee < 8%	7				

V. Rights of GHURA

The awarding of tax credits rests solely with the GHURA Board of Commissioners. Further, GHURA retains its discretionary authority to approve or disapprove any post-award modifications to the project.

GHURA reserves the right to disapprove any application or project for any tax credit reservation or allocation, regardless of ranking under the criteria and point system as contained in Sections III and IV of this QAP. GHURA shall have the authority to defer consideration of any application if such deferral is deemed in the best interest of meeting housing needs.

GHURA reserves the right, in its sole discretion, to (i) hold back a portion of the annual federal housing credit ceiling for use during later reservation cycles, (ii) carryover a portion of the current year's housing credit ceiling for allocation to a project which has not yet been Placed in Service, and (iii), issue a reservation for the next year's housing credit ceiling.

GHURA is required under the IRC of 1986, as amended, to allocate the minimum amount of tax credits required to make a project feasible. The determination of the amount of tax credits to be reserved or allocated to a project shall be made solely at the discretion of GHURA. GHURA may, at the time of issuance of the IRS Form(s) 8609 for the project, decrease the amount of tax credits allocated to a project based on the actual cost and financing of the project.

GHURA may, at its sole discretion, conduct a special round after the final scheduled round for a year for projects (i) where the applicant's tax counsel has attested to an itemization of how the ten percent test prescribed by Internal Revenue Code Section 42(h)(1)(E) will be met; (ii) which have no deficient application items; and (iii) for which all exhibits have been submitted ("Year-End Round"). Year-End Round projects will receive a Carryover Allocation, not a reservation of LIHTCs, which may contain certain conditions and time periods for satisfying them. The circumstances for conducting a Year-End Round are (1) availability of LIHTCs and (2) potential loss of LIHTCs to the national pool. When a Year-End Round is being conducted, applicants need to satisfy the above requirements in order to receive a Carryover Allocation; and LIHTCs will be processed on a first-come-first-served basis and allocated to the extent available and to the extent applications can be processed.

GHURA in no way represents or warrants to any interested party which may include, but is not limited to, any developer, project owner, investor or lender that the project is, in fact, feasible or viable.

No GHURA member, officer, agent or employee shall be personally liable concerning any matters arising out of, or in relation to, the reservation or allocation of Low-Income Housing Tax Credits.

VI. Fees

The following fees are associated with the Low Income Housing Tax Credit program. GHURA reserves the right to adjust the fees due to changing circumstances annually each January 1. All fees shall be paid via Cashier's Check and made payable to **Guam Housing and Urban Renewal Authority**.

Application Fee

An Application Fee of \$1,500 per application shall be payable at the time of submission of the application. The fee shall be the same for all applicants.

Good Faith Deposit

A good faith deposit of ten percent (10%) of the first year's federal tax credits reserved shall be payable at the time the executed binding agreement is submitted to GHURA. Upon allocation and issuance of the IRS Form 8609, sixty percent (60%) of the good faith deposit shall be retained by GHURA as an administrative fee. The remainder of the good faith deposit may be refunded to the applicant in the sole discretion of GHURA. Failure to meet any of the elections made in the scoring criteria at the time of application will result in the retention of the entire good faith deposit by GHURA.

Compliance Monitoring Fee

Please refer to Section 'VII. Compliance Monitoring Plan' for more details regarding the Compliance Monitoring Fee.

Qualified Contract Processing Fee

Qualified Contract Fee of \$150 per unit for all units

Attorney's Fees and Costs:

In the event of a dispute or litigation regarding a QAP Agreement, the prevailing party shall be entitled to collect reasonable attorney's fees, costs, and expenses.

VII. Compliance Monitoring Plan

A. Summary

GHURA shall monitor compliance with all applicable Federal Program requirements for the period a project is committed to providing low-income rental units. GHURA will require that all qualified tenants of a project be certified upon occupancy and be re-certified annually to ensure compliance. Projects shall be required to maintain copies of the income certification for each tenant on forms approved by GHURA. Projects will also be required to maintain records regarding number of rental units (including number of bedrooms and size of square footage of each bedroom); percentage of total rental units that are low-income units; rent charged on each rental unit including utility allowances; number of occupants in each low-income unit for those buildings receiving tax credits prior to 1990; documentation regarding vacancies in the building; eligible and qualified basis of the building at the end of the first year of the credit period, and at the end of each year until required set-asides are met; and character and use of the nonresidential portion

of the building that is included in the building's eligible basis, all in accordance with the rules published by the Internal Revenue Service. GHURA may perform an audit annually but at a minimum, once every three years, and shall have access to all books and records upon notice to the project owner.

Annually, owners of low-income housing tax credit projects will be required to certify to GHURA that for the previous year, the minimum set-aside requirement was met; there was no change in the applicable fraction, or an explanation if there was a change; appropriate income certifications and documentation have been received for each low-income tenant; each low-income unit was rent-restricted in accordance with the Code; all units were for use by the general public and used on a no transient basis (except for transitional housing for the homeless as provided for in the Code); each building was suitable for occupancy, taking into account local health, safety and building codes; there was no change in the eligible basis in the project, or an explanation if there was a change; all tenant facilities included in the eligible basis were provided on a comparable basis without charge; rentals of vacancies were done in accordance with the Code; rentals of units were done in accordance with the Code if any tenant's income increased above the limit allowed by the Code; and a Restrictive Covenant document was in effect for the project, for those buildings receiving credits after 1989, all in accordance with the rules published by the Internal Revenue Service.

If GHURA becomes aware of non-compliance, the Internal Revenue Service shall be notified in accordance with the rules published by the Internal Revenue Service.

Please consult with your tax attorney and/or LIHTC consultant regarding Internal Revenue Code regulations. Owners are responsible for keeping abreast of current LIHTC Program requirements.

The guidelines outlined below in sections B through K pertain to projects allocated Low Income-Housing Tax Credits in Guam.

B. Compliance

Owner/Manager Training

Owners, managing agents, and on-site managers should attend or document that they have recently attended training on management and compliance prior to leasing any units, but no later than receipt of IRS Form 8609, which certifies an allocation of tax credits. Training may be required following significant or repeated noncompliance events. At minimum, such training should cover key compliance terms, qualified basis rules, determination of rents, tenant eligibility, file documentation, next available unit procedures and unit vacancy rules, agency reporting requirements, record retention requirements, and site visits.

Set Aside

The project must comply with the low-income set-aside requirements of Section 42 of the Internal Revenue Code- as chosen by the owner at the time of receiving the credits. The minimum requirements are either:

1. 20 percent or more of the units are occupied by tenants having a household income of 50 percent or less of the area median gross income (the "20-50 requirement"), or
2. 40 percent or more of the units in the project are occupied by tenants having a household income of 60 percent or less of the area median gross income (the "40-60 requirement").

Tenant income is calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937, as directed by the Internal Revenue Code. Area median incomes are determined annually by the U.S. Department of Housing & Urban Development (HUD), and are available from GHURA.

Rent

Units in the project must be rent-restricted to thirty (30) percent of the imputed income limitations based on unit size as provided in Code Section 42(g)(1). This rent restriction must be maintained throughout the Term of the Compliance and Extended-use period. See 'D. Rent Restrictions' in this section for further information.

Term of Compliance

Projects receiving a LIHTC allocation after January 1, 1990, must comply with eligibility requirements for the extended use period [initial 15-year period (compliance period), in addition to the 15 or more years (extended use period)] determined by elections indicated in the Restrictive Covenant Document. The Restrictive Covenant Document must be recorded before credits are allocated.

Annual Certification

These and other compliance requirements as listed in Section 'A. Summary' must be certified annually by the owner through the submission of the Annual Report. The Annual Report includes the Owner's Certificate of Continuing Program Compliance and shall be submitted by February 1 of each year throughout the compliance/extended-use period.

Records Retention

The Annual Report and the supporting documentation verifying the information on the Annual Report must be kept for a minimum of six (6) years after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the credit period, however, must be retained for at least 6 years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building, in accordance with published IRS guidelines.

IRS Form 8609

Owner shall complete Part II of IRS Form 8609 and submit with subsequent Annual Reports.

Qualified Basis Tracking Sheet (QBTS)

This form shall be submitted annually until the required set-asides are established. Documents will provide information on original tenants qualifying each building for tax credits minimum set-asides, and other set-asides.

Status Reports

This report is to be submitted annually by owners in such format as required by GHURA or its Authorized Delegate to document and track the continuous compliance of tax credit units. The documents report data that tenants are income eligible at move-in, that the occupants of LIHTC units are re-certified at least on an annual basis and that the unit rents are restricted. Documentation will also indicate compliance with the vacant unit rule and 140% rule. The tracking of tax credit units substantiates the maintenance, increase or reduction of each BIN's qualified basis.

C. Qualifying Households

Applicants for low-income units should be advised early in their initial visit to the project that there are maximum income limits which apply to these tax credit qualified units. Management should explain to the tenants that the anticipated income of all persons expecting to occupy the unit must be verified and included on a Tenant Income Certification (TIC) prior to occupancy, and re-certified on an annual basis. Applicants should be informed of other Internal Revenue Service requirements such as the Student Rule and Recertification.

Unborn Children

In accordance with the HUD Handbook 4350.3, owner shall include unborn children in determining household size and applicable income limits. If permitted by state laws, owner shall require documentation of pregnancy in such circumstances.

Student Households

In accordance with the Internal Revenue Code, a household comprised entirely of full-time students may not be counted as a qualified household, unless the household meets at least one exception. Refer to the Internal Revenue Code for additional guidelines on the exceptions. Owner shall utilize a lease provision requiring tenants to notify managing agent of any change in student status.

Calculating Anticipated Tenant Income

Owner shall qualify tenants by calculating household income using the gross income the household anticipates it will receive in the 12-month period following the effective date of the income verification or Recertification. Anticipated income should be documented in the tenant file by third party verification whenever possible, or by an acceptable alternate method of verification with documentation as to why third party verification was not available. Owner shall use current circumstances to project income, unless verification forms or other verifiable documentation indicate that an imminent change

will occur. Owner shall refer to HUD Handbook 4350.3 for guidance on the proper calculation and verification of income and assets per IRC regulations.

Certification

Upon acceptance of an applicant to the project, a TIC must be completed for the applicant and certified to by the applicant and the owner. The form is a legal document which, when fully executed, qualifies the applicants to live in the set-aside units in the project.

The TIC must be executed along with the lease prior to move-in. No one may live in a unit in the project unless certified and under lease.

The original copy of the executed TIC form is to be retained in the applicant's file. The TIC and the supporting documentation verifying the TIC must be kept for a minimum of six (6) years after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the credit period, however, must be retained for at least 6 years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building, in accordance with published IRS guidelines.

Recertification

For 100% LIHTC set-aside projects, annual recertifications are not required after January 1, 2014. However, Owners **must recertify** households **at least once** on the first anniversary of their initial tenancy.

For projects with less than 100% set-aside:

To ensure each unit is complying with the LIHTC income restrictions, GHURA requires (a) the owner to annually recertify each tenant's income and household composition and (b) each tenant is to report certain changes in income and household composition which occur between regularly scheduled recertification.

If the income of the tenants in a unit who have been previously verified increases above 140 percent of the applicable income limitation, the unit may continue to be counted as a low-income unit as long as the next available unit of comparable or smaller size is occupied by a qualified low-income tenant, and the rent continues to be restricted for the initial unit.

Each tenant's annual recertification is to be completed within one year of last recertification. The request for recertification shall be made between 60 and 90 days before the effective date, and it must clearly state that the tenant has ten (10) calendar days in which to contact the owner to begin recertification processing. The notice must also state the days and hours available for the interview, the information the tenant should bring to the interview, and how and whom to contact to schedule the interview.

Upon re-verification of the tenant's income, the owner shall complete a new TIC, which shall be certified to by the owner or owner's designee.

Past-Due Recertification

A recertification is considered past due if the TIC form for the tenant is not certified by tenant and owner within twelve months of the last recertification.

D. Rent Restrictions

Projects receiving Low-Income Housing Tax Credits after January 1, 1990 must comply with the following procedures:

- Units in the project must be rent-restricted to 30% of the imputed income limitations for each unit, based upon HUD area median incomes and size of units. Rents are imputed by bedroom size in the following manner: a unit which does not have a separate bedroom - 1 individual; and a unit with 1 or more separate bedrooms - 1.5 individuals per bedroom.
- Gross rent does not include any payment for various rental assistance programs and supportive service assistance as outlined in Section 42 of the Code. Gross rent must include any allowance for utilities.

HUD publishes the area median incomes for each state and territory annually. Updated income limits must be implemented pursuant to IRS Revenue Ruling 94-57, "Taxpayers may rely on a list of income limits released by HUD until 45 days after HUD releases a new list of income limits, or until HUD's effective date for the new list, whichever is later." Rents may be increased accordingly as the area median income increases.

If the income of the tenants in a unit who have been previously verified increases above 140 percent of the applicable income limitation, the unit may continue to be counted as a low-income unit as long as the next unit of comparable or smaller size is occupied by a qualified low-income tenant, and the rent continues to be restricted for the initial unit.

E. Eviction of Tenants

Once an eligible tenant has been certified and admitted to the project, the tenant may not be displaced solely due to an increase in the tenant's household income beyond the restricted limit.

F. Audits

The project may be subject to a management audit by GHURA or its Authorized Delegate annually but, at a minimum, once every three years. Notification of an audit shall be given to the owner at least 30 days prior to such audit. The results of the management audit and the recommendations for corrective action to protect and maintain the project shall be transmitted to the owner within thirty (30) days following the completion of the audit.

The purpose of the audit will be to conduct a physical inspection of the building and/or project, and, for at least 20 percent of the project's low-income units, to inspect the units and review the low-income certifications, documentation supporting the certifications, and rent records for the tenants in those units. The audit may also consist of a review of first year tenant records, a review of the documentation supporting the Annual Report, and any other documentation necessary for GHURA to make a determination as to whether the project is not in compliance with the Code.

When conducting tenant file reviews, GHURA's and its Authorized Delegate's reviews shall include, but not be limited to:

- completed rental application, including certification of assets and disposal of assets, if applicable;
- tenant income certification completed for move-in and current year, including all required signatures and dates;
- income verification(s) completed and documented;
- assets verified in accordance with IRC regulations;
- student eligibility documentation;
- lease and lease addendums completed at move-in;
- utility allowance on file;
- review of first year tenant records which qualified the project initially for tax credits

The owner shall have a period of thirty (30) days in which to respond to the findings of the management audit. GHURA shall review the owner's response to determine the extent to which the issues raised in the management audit letter are addressed. Findings, whether corrected or not, will be reported to the IRS.

See Section 'J. Non-compliance Penalties' for information on notification to the IRS of any non-compliance found in the management audit.

G. Rural Housing Service (RHS) and Tax-exempt Bond Issue Projects

In accordance with the published IRS guidelines on compliance monitoring, an exception may be granted to RHS projects under its section 515 program and buildings or projects of which 50 percent or more of the aggregate basis is financed with the proceeds of tax-exempt bonds.

The IRC regulations allow for exception of a building from the inspection requirement if the building is financed by RHS under the section 515 program, the RHS inspects the building [under 7 CFR part 1930(C)], and the RHS and the allocating agency enter into a memorandum of understanding, or other similar arrangement, under which the RHS agrees to notify the allocating agency of the inspection results. Irrespective of the physical inspection standard selected by the allocating agency, a low-income housing project under section 42 of the Internal Revenue Code must continue to satisfy local

health, safety and building codes. A memorandum of understanding has not been executed between GHURA and RHS.

Annual Reports, QBTS, Compliance Monitoring Status Reports and other reports are still required of RHS projects. Although GHURA has allowed the use of the RD 1944-8, the form does not determine eligibility for specific LIHTC requirements. Owners need to determine whether the TIC will be used or a worksheet will be attached to RD 1944-8 to determine eligibility under the IRC. Management audits will still be conducted as indicated herein.

An owner who for some reason is not able to make any of the required certifications stated on the Annual Report or other requirements must inform the Agency immediately of such inability, as well as explain the reason for said inability.

H. Reporting Requirements

- a. The LIHTC Annual Report must be submitted annually by February 1 of each year throughout the compliance/extended use period.
- b. Part II of the IRS Form 8609 must be completed by the owner and submitted with initial Annual Report.
- c. Qualified Basis Tracking Sheets (QBTS) are submitted at a minimum annually with LIHTC Annual Report until all set-asides are established.
- d. Status Reports are submitted annually by owners with Annual Report to document and track the continuance compliance of tax credit units throughout the compliance/extended-use period.

These forms must be sent in to GHURA or its Authorized Delegate at the address shown in Section II.

The Certification of Eligibility and LIHTC forms listed above are available from GHURA. Additionally, GHURA has data regarding HUD area median incomes, maximum rental rates, income verification information and third party verification forms.

I. Fees

A compliance monitoring fee of up to \$100 per unit for all units within each project shall be charged annually for administrative expenses. This fee shall be submitted with the LIHTC Annual Report for each year of the compliance/extended-use period. GHURA reserves the right to adjust fees due to changing circumstances annually each January 1. It will be the responsibility of GHURA to inform the owner of any changes in the annual compliance fee prior to the submission of fees. The compliance monitoring fee will be effective as of the Placed in Service date for the first building.

J. Non-compliance Penalties

The penalty for non-compliance with the LIHTC Program is the potential recapture of the credits awarded and interest on the amount recaptured. The Internal Revenue Service shall determine penalties for non-compliance.

Upon determination by GHURA of non-compliance with the LIHTC Program, the owner shall be notified and given thirty (30) days to correct any discovered violations. In accordance with the Internal Revenue Service's published guidelines on compliance monitoring, GHURA will be required to notify the IRS within forty-five (45) days after the end of the thirty day correction period, whether or not the non-compliance is corrected. GHURA will be given the opportunity on the IRS form to indicate whether the owner has corrected the non-compliance. GHURA may extend the correction period, up to a total of six (6) months, if it is determined by GHURA that good cause exists for granting such an extension. In such case, the IRS will not be notified until the end of the extended correction period.

K. Extended Use Period

After the initial 15-year compliance period is the Extended Use Period, GHURA is no longer required to report instances of non-compliance to the IRS. Compliance during the Extended Use Period (EU Compliance Policy) will concentrate on enforcing the requirements of the LIHTC program through the term of the Declaration of Restrictive Covenants for Low Income Housing Credit recorded on the property. The EU Compliance Policy is largely based on the procedures of the initial compliance period. Unless noted below, the policy and procedure for compliance during the initial compliance period shall continue to apply to the extended use period.

Effective Date

The EU Compliance Policy shall be effective on the first day after the expiration of the initial 15-year compliance period for the last building placed in service in the project. Generally, the extended use compliance period will begin on January 1 of the year after the expiration of the initial 15 year compliance period of the last building placed in service and be in effect until the end of the extended use period.

Income and Rent Set Aside

Owners are subject to the Section 42 occupancy and rent restrictions required in the Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits.

Student Households

As GHURA wants to ensure that properties in the extended use period are not used as dormitory housing, a modified student eligibility requirement will be enforced. During the extended use period, a household comprised entirely of full time students will qualify as long as at least one member of the household is an independent student or is a student in grades Kindergarten through 12 (including home schooled minors studying course material within these grades). An independent student is defined as one who is not claimed as a dependent on his/her parent's tax return (proof required).

Available Unit Rule / 140% Rule

For projects which include market rate units, the Available Unit Rule and the 140% Rule do not apply during the extended use period. The percentage of tax credit units as specified in the Declaration of Restrictive Covenants for Low Income Housing Credits must be maintained throughout the extended use period.

Certification and Recertification

Certification of tenants at the time of move-in shall be required during the extended use period according to the same procedure as the compliance period. Recertification of tenants will not be required during the extended use period. However, if any adults are added to the household, then the household must be re-certified.

Unit Transfers

During the extended use period, unit transfers are allowed without a new income qualification. Documentation of all unit transfers that occur shall be submitted as part of the Reporting Requirements.

Reporting Requirements

1. The **LIHTC Annual Report** must be submitted annually by February 1 of each year throughout the extended use period.
2. **Status Reports** are submitted annually by owners with the Annual Report to document and track the continuing compliance of tax credit units throughout the extended use period.

Site Audits

Commencing within three years after the expiration of the Compliance Period, site audits for projects may be conducted at least once every **five** years. Projects that have substantial outstanding non-compliance beyond the correction period based on the findings of the most recent site audit may be subject to more frequent site audits.

Owner Inspection

Owners shall conduct an annual physical inspection of each unit and common areas in the project.

Correction Period and Non-compliance Penalties

Upon determination by GHURA of non-compliance with the LIHTC Program during the extended use period, the owner shall be notified and given thirty (30) days to correct any discovered violations. GHURA may extend the correction period on a case-by-case basis, up to a total of six (6) months, if it is determined by GHURA that good cause exists for granting such an extension. Owners may request GHURA to review all outstanding non-compliance issues for a property once per calendar year after the initial correction period. Any owner and constituent entities involved in management and ownership of a project with an unresolved finding of non-compliance beyond the initial correction period may be deemed to be Not in Good Standing by GHURA's Fiscal Department. Owners

must clear all outstanding non-compliance issues to be deemed in Good Standing with GHURA.

VIII. Appeal

All appeals shall be resolved in accordance with GHURA's Appeals and Process Procedure, copies of which are maintained at GHURA's office.

IX. Other

High Cost Area Designation. Newly constructed buildings located outside of designated Difficult to Develop Areas or Qualified Census Tracts qualify as a high cost area. The additional LIHTC available from the "basis boost" will be used to offset the high cost of construction and land throughout the island.

Appendix 1 Market Study

In accordance with Section 42(m)(1)(A)(iii) of the Internal Revenue Code, GHURA requires a comprehensive Market Study of the housing needs of low-income individuals in the area to be served by the project. The Market Study is to be conducted by a disinterested party approved by GHURA and must be submitted as part of the application. The Market Study shall be completed at the Owner's expense. Any applicant that fails to submit a Market Study, or submits a Market Study dated more than 6 months earlier than the date of application shall be returned to the applicant and the application will not receive further consideration.

The Market Study shall address the following information:

- A statement of the competence of the market analyst.
- A description of the proposed site.
- Demographic analysis of the number of households in the market area which are income eligible and can afford to pay the rent. Estimate of capture rates for the market areas.
- Geographic definition and analysis of the market area.
- Identification of the project including location, unit counts, income levels and target population. Market Study must be consistent with the proposed project.
- Analysis of household sizes and types in the market.
- A description of comparable developments in the market area.
- Analysis of practically available rents, vacancy rates, operating expenses and turnover rates of comparable properties in the market area.
- Analysis of practically available rents, vacancy rates and turnover rates of market rate properties in the market area. Projected operating funds and expenses, when available at the time of the study.
- Expected market absorption of the proposed rental housing, including a description of the effect of the market area.
- Identification and commentary of proposed projects in the market areas.
- Analysis of market demand for tenants with special housing needs when applicable.
- Analysis of impacts of development to the area's existing education, public safety, and utilities infrastructure.

Projects that are requesting credits from eligible basis generated from a Community Service Facility as defined in Section 42(d)(4)(C)(iii) must provide a market study that addresses the following:

- A description of Services provided that improve the quality of life for community residents.
- The market area and demand for services provided.
- The applicability of service provided to the community.
- The affordability of the services provided to persons of 60% AMGI or less.

2018 LIHTC Comment Meeting Sign In

Project: QAP Public Comment
 Facilitator: Katherine Taitano
 Place/Room: 2nd Floor Conference Room

Date: 2/16/18
 Time: 10:00AM

PRINT NAME	AGENCY	PHONE	EMAIL
1. Grace Gagaring	Guam CDE	929-2023	grace@guamcde.com
2. Jason Ralston	Core Tech	486-5602	jason@guamcde.com
3. AILEA SANTIAGO	GHURA	475-1404	AISANTO51@GHURA.ORG
4. Katherine Taitano	GHURA	475-1322	Katherine@ghura.org
5. Dominic Calvo	GHURA	475-1321	dcalvo@ghura.org
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2018 QAP Public Comment Notes

Date: 02/16/18

Time: 10:00AM

Facilitator: Katherine Taitano

Room: 2nd Floor Conference Room

Attendees: Grace Gagaring (Guam CDE)

Jason Ralston (Coretech Development, LLC)

Albert Santos (GHURA)

Katherine Taitano (GHURA)

Dominic Calvo (GHURA)

Comment #1 (Jason Ralston)

- Developer Fee Criteria 20 – The suggestion is that GHURA get rid of the Developer Fee criteria as developer fee in this case is not realized more of deferred, paid over time, and included in eligible basis. In addition, GHURA putting the cap at 15% of the developer fee will make it difficult to make an attractive project.

Comment #2 (Jason Ralston)

- Previous LIHTC projects under Coretech are having issues with current energy efficient practices such as water heaters and meter problems.
- The suggestion made was to give Coretech choices as far as the Energy Efficiency criteria rather than “an all or nothing” structure.

Comment #3 (Jason Ralston)

- Project location – The comment made in regards to this criterion was that it is challenging for developers to build projects in southern properties.

From: [Katherine Taitano](mailto:Katherine.Taitano)
To: [Dominic Calvo](mailto:Dominic.Calvo)
Subject: Fwd: LIHTC-QAP
Date: Thursday, March 08, 2018 10:08:33 AM

FYI.
Please add for discussion.

Thank you,

...KTT

Katherine Taitano
GHURA Chief Planner
o. 475-1322 e. katherine@ghura.org
117 Bien Venida Ave., Sinajaña, GU 96910

Begin forwarded message:

From: "Anthony C Perez" <acp@perezlawguam.com>
Date: March 7, 2018 at 10:51:23 AM GMT+10
To: "'Katherine Taitano'" <katherine@ghura.org>
Cc: "'Albert Santos'" <alsantos1@ghura.org>
Subject: RE: LIHTC-QAP
Reply-To: <acp@perezlawguam.com>

Hi Kat:

One last comment on the LIHTC:

Page 32, Section VIII. Appeal Process. This section discusses any appeal made. This is unclear if it relates to the QAP or the LIHTC project itself. If the appeal process applies to the QAP itself, then does the attorney fees and costs section contained on page 22 apply? That section provides for attorney fees related to the dispute and litigation relating to the QAP agreement. Does it also apply to any appeal references in Section VIII.

Perhaps we can meet prior to the BOC on Friday and go over.

Anthony C. Perez, Esq.
LAW OFFICE OF ANTHONY C. PEREZ
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238 Archbishop Flores Street
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From: Anthony C Perez [<mailto:acp@perezlawguam.com>]

Sent: Tuesday, March 06, 2018 3:38 PM

To: 'Katherine Taitano' <katherine@ghura.org>

Cc: 'Albert Santos' <alsantos1@ghura.org>

Subject: LIHTC-QAP

Hi Kat:

I've been reviewing the QAP and have the following comments for your consideration:

Page 10, Criteria 2. Concerning affordability, I think the goal is to have the higher percentage of the projects to households earning a lesser amount of the AMGI. In considering such, I would state 60% of the project earning 50% or less and 40% of the project earning 60% or less for 2 points, and 80% projects to 50% and 60% projects to 60% households for 4 points. By doing so, a bigger portion of the projects would be for households earning a lesser percentage of the AMGI. My assumption is that a household earning 50% of the AMGI earns less than a household earning 60% of the AMGI. I recall this being a topic of discussion in the past.

Page 11, Criteria 4. Site Control. Here 4 points are given for site control and 0 points are given for no site control. However, section III B 2, states site control is a minimum threshold requirement to receive consideration. Thus, if no site control, the applicant will not be considered. The QAP does not need to reference 0 points for no site control as that applicant would be disqualified from consideration.

Page 15, Criteria 10. Project Characteristics. I would suggest combining the scoring into 2 points and stating: The project is located in a qualified census tract and the development of which includes the use of existing housing a part of a concerted community revitalization plan. This language is taken from Section 42(m)(1)(B)(ii)(III) and C iii. The language of the IRC merges the qualified census tract and community revitalization plan into a single preference.

Page 18, Criteria 16. Energy Efficiency. This criteria state that projects **must incorporate**... However, the criteria goes on to show that certain energy efficient practices are not required, but a contractor may elect to include such energy efficient features. I would not state "must incorporate" as it contradicts the rest of the body of this criteria. Also, 0 points are awarded if all eight features are not incorporated. However, that discourages a contractor from utilizing some features but not others. A contractor unable to incorporate all 8 features would have little incentive to incorporate a lesser number of features where they would not get any points for doing

so. I would suggest giving points for incorporating a lesser number of features than all 8.

These are some initial comments. However, I will provide additional comments tomorrow.

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March 2, 2018

Michael J. Duenas
Executive Director
Guam Housing and Urban Renewal Authority
117 Bien Venida Avenue
Sinajana, Guam 96910

RE: 2018 Low Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) Public Comment

Hafa Adai Mr. Duenas,

Core Tech Development, LLC (CTD) would like to submit the following questions and comments regarding GHURA's LIHTC QAP. We appreciate the opportunity.

1. Participation Elements – Contractor Profit (Page 6) caps overhead, profit and general conditions to 14% of the hard costs. Including General Requirements in this cap is both outside standard industry practices (in the LIHTC market) and an unfair requirement for contractors on Guam. General Conditions are not an area of profit for contractors on LIHTC projects and must be related to actual hard costs associated with the construction of the project. Cost certifications by experienced audit firms confirm these costs are both appropriate and incurred by the contractor for every project completed. Including General Conditions in this cap will put the projects at risk by only attracting contractors without experience or organizational infrastructure or encourage cheap/shotty construction work. We request that the 14% contractor profit cap only apply to those items that can be considered profit to a contractor and not to those costs that are a normal part of building quality projects.
2. Criteria 3 (Page 10) awards points based on the total number of **gross** annual tax credits requested divided by the total number of units proposed. The high (and ever-increasing) costs of construction on Guam combined with the decreased net value of tax credits under the new federal corporate tax structure makes this point scale almost impossible to achieve any points unless very low-quality construction is used. This is combined with the requests of GHURA to incorporate significant energy-efficiency and sustainable design elements in projects which further increase the construction costs. We suggest that this scale be adjusted to reflect the current cost environment as well as net value of the tax credits in the syndication market.
3. Criteria 8 (Pages 12-13) awards additional points for projects which are located in areas where market demand and financial feasibility (ability to get debt and equity commitments) are likely not achievable. The additional points have the possibility (and even likelihood) of rewarding and awarding projects that will either fail to attract investor partners in the beginning or struggle to lease-up and stay full after construction is completed. We suggest removing these extra points or at least minimizing the impact they have on applications by shrinking the difference in point levels.
4. Criteria 9 (Page 13) only provides a maximum of 5 points for “Developer Experience”. As GHURA has seen in the past and can certainly appreciate, the amount of LIHTC finance, development and property management experience on a proposer’s team is almost certainly the greatest indicator of whether the project will be successful and be able to close and stay in compliance. We believe this Criteria requires a greater number of potential points.

5. Criteria 12 (Page 15) is largely the same as Criteria 3 and has the same concerns/issues in our opinion.
6. Criteria 16 (Page 17) awards points for including energy efficient design elements and systems in a proposer's development plan. We agree that these items are beneficial to community and GHURA but the "all-or-nothing" structure of this criteria does not allow for projects to implement almost all of the elements and receive any points and takes away design and development considerations from experienced developers and forces them to utilize systems that may not work on certain types of projects (i.e., Grid-tied Solar Power System on small lots without room for ground-mounted systems while requiring Solar water-heaters that take up most of the available roof area). We recommend allowing points based on the number of elements selected and not the all-or-nothing structure currently proposed.
7. Criteria 20 (Page 19) awards points for projects where Developer Fee is lower than the maximum allowed. We believe the intent with this Criteria is to reward projects that spend more on hard costs and less on soft costs like Developer Fee. However, the unintended consequence of this criteria (and the 7 points that could be obtained) is that projects become less attractive to experienced developers (and, therefore have an increased probability of failure) and a significant source of financing and eligible basis is removed from the financing structure of these projects. In almost all LIHTC projects, a significant portion of the Developer Fee is deferred (paid over time from property cash flows) as costs of these projects always exceed the capital available to them. Even if the Developer Fee cannot be fully paid from the project budget, it is included in eligible basis and is a vital portion of that calculation. By limiting Developer Fee, GHURA is making the projects harder (or impossible) to finance and attractive only to those not familiar with the actual costs associated with these types of projects.

We recommend removing this Criteria from the QAP completely as it does not represent a financially responsible way of trying to improve the quality of the LIHTC developments on Guam. The current cost environment, greatly-reduced equity prices, increased requirements for energy-efficient systems, etc. have made these projects very difficult to get financed and be successful. This Criteria likely pushes that over the edge in our opinion.

We are available to answer any questions or to meet further to discuss any/all of these items at your convenience. If you have any questions, do not hesitate to contact me at 473-5000.

Sincerely,



Ho S. Eun
Chairman