

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

2025 LOW INCOME HOUSING TAX CREDIT QUALIFIED ALLOCATION PLAN

**Approved by GHURA BOC for
Public Comment Period
(September 30, 2025)**

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.

Contents

I.	Introduction.....	5
	A. Low Income Housing Tax Credit	5
	B. Purpose and Scope.....	5
	C. Abbreviated QAP Application Process	5
	D. The Public Input Process	6
	E. Housing Needs Assessment	6
II.	Allocation of Credits.....	7
	A. QAP Timetable.....	7
	B. Threshold Requirements	8
III.	Selection Criteria	11
	Criteria 1. (0-20 Points) Project Location and Proximity	12
	Criteria 2. (0-18 Points) Project Financial Feasibility/Viability	13
	Criteria 3. (0-12 Points) Project Characteristics	14
	Criteria 4. (0-15 Points) The Populations Served by the Project.....	15
	Criteria 5. (0-12 Points) Developer/Owner, and Management Team Experience and Capacity.....	17
	Criteria 6. (0-5 Points) The Community Support and Involvement for the Project and its Impact on the Neighborhood	19
	Criteria 7. (2-8 Points) The Affordability of the Rents and the Length of the Affordability Period	20
	Criteria 8. (0-6 Points) Increase in the Extended Use Period / Conversion to Homeownership	21
	Criteria 9. (0-2 Points) Local/Federal Government Support.....	22
	Criteria 10. (0-1 Points) Qualified Non-Profit Organization.....	23
	Criteria 11. (0-2 Points) Qualified Census Tract.....	24
	Criteria 12. (0-1 Points) Public Housing Waiting Lists	25
	Criteria 13. (0-1 Points) Project will Receive Project-Based Rental Assistance	26
	Criteria 14. (0-1 Points) Historic Nature of the Project.....	27
	Criteria 15. (0-7 Points) Developer Fee.....	28
IV.	Rights of GHURA	29
V.	Fees.....	30
VI.	Compliance Monitoring Plan.....	31
	Summary	31
	Compliance.....	31
	Qualifying Households.....	33
	Rent Restrictions.....	35
	Eviction of Tenants	35

Audits	35
Rural Housing Service (RHS) and Tax-exempt Bond Issue Projects	36
Reporting Requirements	36
Fees.....	36
Non-compliance Penalties	37
Extended Use Period	37
Appeal.....	38
Other.....	38
Appendix 1.....	39
Income Averaging Guidelines.....	39
Appendix 2.....	40
Market Study	40
Appendix 3.....	41
Administrative Procedure for LIHTC Program Appeal Review	41

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I. Introduction

A. Low Income Housing Tax Credit

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 LIHTC program provides tax incentives to developers who build or rehabilitate affordable rental housing for low-income households. The LIHTC program is administered by the Internal Revenue Service (IRS) and state housing finance agencies (HFAs). GHURA has been designated the HFA responsible for administering the LIHTC program.

The LIHTC program is authorized under Section 42 of the Internal Revenue Code. The QAP is authorized under Section 42(m)(1)(A) of the Internal Revenue Code. This Section requires each state to develop a QAP that is consistent with the LIHTC program's overall goals and objectives.

B. Purpose and Scope

The purpose of this QAP is to establish the policies and procedures for the allocation of Low-Income Housing Tax Credits (LIHTCs) in Guam. The QAP provides guidance to developers, investors, and other stakeholders on the criteria and priorities that the Guam Housing and Urban Renewal Authority (the "Agency") will use to award LIHTCs to eligible affordable housing projects.

This QAP is intended to support GHURA's mission of promoting the development of safe, decent, and affordable housing for low-income households in Guam. Through the LIHTC program, the Agency seeks to incentivize the private sector to invest in the development and preservation of affordable rental housing that serves the needs of low-income households.

The QAP establishes the eligibility requirements, scoring criteria, and other policies and procedures that the Agency will use to allocate LIHTCs to eligible projects. The QAP also describes the public input process, the Application process, and the compliance and monitoring procedures that the Agency will use to ensure that LIHTC projects meet the program's requirements.

The QAP is based on the Agency's analysis of the state's housing needs, market conditions, and other relevant factors. The QAP reflects the Agency's priorities for this year and is subject to change based on changes in housing needs, LIHTC demand, and other factors.

The QAP is not intended to establish binding rules or regulations, but rather to provide guidance to developers, investors, and other stakeholders on the Agency's LIHTC allocation process. The Agency may make exceptions or modifications to the QAP on a case-by-case basis if it determines that such exceptions or modifications are necessary to further the program's goals and objectives.

C. Abbreviated QAP Application Process

While it has been the normal practice for GHURA to conduct QAP Application processes to incorporate two allocation cycles, GHURA has determined that there is a compelling need to conduct an abbreviated QAP Application Process in 2025 in light of the non-award of CY2024 credits. Credits are available to allocate over two years. The two-year timeline for CY2024 credits to be allocated is December 31, 2025. The QAP timetable in Section II A. reflects this abbreviated QAP Application Process timeline. The Public Input Process discussed in the following Item D is thus of particular importance to the 2025 QAP Application Process as we intend to execute as robust an application process as is practicable.

D. The Public Input Process

The public input process for LIHTC typically involves several steps. First, GHURA will hold a public meeting or hearing to gather input from interested parties, including developers, community Organizations, and residents. These meetings provide an opportunity for stakeholders to share their perspectives on the states affordable housing needs, and to offer suggestions for how LIHTC can be used to address those needs.

Once GHURA has received input from stakeholders, it will develop the QAP based on Guam's priorities and criteria for awarding tax credits to developers. The QAP is then made available to the public for comment which is hosted by the agency. After the public comment hearing, GHURA will consider the feedback, finalize the QAP and open it up for developers to submit an application.

E. Housing Needs Assessment

Guam's current rental market is strong due to the driven presence of military personnel and the rising costs for residential Construction. Individuals and families are finding rental units are for more desirable than mortgages due to the high cost of living. Despite the numerous LIHTC projects throughout island, public housing, and housing assistance programs, there is still a high demand for affordable housing. In addition, populations such as the disabled, elderly, veterans, and the homeless are finding a scarcity in affordable housing to meet their special needs.

In order to alleviate the pressures or demand, Guam through this QAP should consider the following:

- Studio, 1-bedroom, or 2-Bedroom units for individuals/smaller families
- 3- or 4-Bedroom units for larger families
- Veteran Housing
- Elderly Housing units

II. Allocation of Credits

This QAP 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 of calendar year 2024 and 2025 funds allocated to Guam by the IRS. 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.

The 2025 Guam QAP will focus on housing for smaller families, de-concentration of poverty and prevention of disparate impact to the neighborhood and surrounding community.

GHURA provides greater emphasis on larger projects wherein 80% of the project will consists of 0-to-2-bedroom units. There will be no cap as to how many units for the development, however, projects will be encouraged to maximize the number of units developed using the maximum number of credits possible.

Guam's 2025 tax credit allocation available for allocation is \$6,815,000, comprised of \$3,360,000 (issued under Rev. Procedure 2023-34 for CY2024 allocation) and \$3,455,000 (issued under Rev. Procedure 2024-40 for CY2025 allocation).

The Board of Directors has approved the issuance of an allocation reservation of 2025 tax credits in an amount not to exceed \$1,793,120 to Flores Rosa Gardens LLC for the Flores Rosa Gardens development. This action reflects the Board's commitment to supporting the project and ensuring the allocated credits are reserved specifically for this development in accordance with applicable program requirements and guidelines. A total of \$5,021,880 in credits is available for award net of this reservation.

Applicants seeking housing credit allocations in excess of the total credit allocation available for award must demonstrate the financial capability to show that the project can be scaled to fit the available 2025 funding. Due to the abbreviated timeline, forward commitments of future allocations will not be entertained, except in the event of a tie, as decided and determined by the GHURA BoC at time of award(s). GHURA supports and encourages applicants to consider the merits of mixed financing in pursuit of sustainable affordable development.

A. QAP Timetable

The QAP timeline is as follows:

- October 01, 2025 to October 13, 2025 – Public Comment Period
- October 14, 2025 – Presentation to GHURA BOC for approval
- October 15, 2025 to November 19, 2025 – QAP/Application Open to the Public
- November 19, 2025 – Application Closes/Final Submissions
- November 20, 2025 to December 01, 2025 – Evaluation Panel Review/Final Scoring
- December 02, 2025 – Final Recommendation to the GHURA BOC
- December 09, 2025 - Award Decision
- December 31, 2025 – Final day Carryover Allocation Submission

B. Threshold Requirements

There are several threshold requirements for housing developments receive tax credits both on the federal and state level.

1. Federal Threshold Requirements

- a) The project must be a residential rental property (either new Construction or rehab).
- b) The property owner must commit to one of two possible low-income occupancy rules—the 20-50 rule, which stipulates that at least 20 percent of the units must be occupied by households with incomes at or below 50 percent of the area median income, or the 40-60 rule, which requires at least 40 percent of the units must be occupied by households at or below 60 percent of the area median income.
- c) The affordable units have maximum rent levels (including utilities) set at 30 percent of gross household income for households at the maximum income limit. For example, if a unit is restricted to households earning 60 percent of AMI, a household with a gross income of 50 percent of AMI would have to spend more than 30 percent of their income on rent. Some households fill that gap with other housing assistance, such as housing vouchers.
- d) Tax credits are allocated only for the Construction costs of the affordable units—so-called “qualified Construction costs”—though the project could have a mix of affordable and market- rate units and could include commercial and/or community space.
- e) Property owners must operate under the income and rent restrictions for at least 30 years.

2. GHURA’s Threshold Requirements

- a) **Set Asides** – Applicants will determine which set aside they will utilize for the project.
 - i. **9% Credits Set Aside:** Applicants are advised that the agency will administer 9% LIHTC credits only to be used for the following:
 - a. **Construction of a New Building.** The term “New Building”, as defined by Section 42 of the IRC, is “a building the original use of which begins with the taxpayer.” Rehabilitation of existing inventory but excluding Acquisition costs of real estate, buildings, and depreciable assets from eligible basis (no Acquisition LIHTC).
 - b. **Substantial Rehabilitation projects** that do not have other federal funds. Federal funds include loans and bonds with below market- rate interest. Rehabilitation is “substantial” if a minimum amount is spent on each rent-restricted lower-income unit or 10% is spent on the “eligible basis” (Eligible Basis = Total Development Costs – Land Acquisition) during a 24-month period, whichever is greater.
 - ii. **Income Averaging Set Aside**
The Consolidated Appropriations of 2018 established a new income averaging set aside for LIHTC developments. (Please refer to Appendix 1 for income average guidelines.)
- b) **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 applicant 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 2.)
- c) **Site Control:**
 - i. To receive consideration for an allocation of tax credits, the applicant must have control of the site in a form acceptable to GHURA. Evidence of site control must be submitted with the Application.
 - ii. To receive consideration for a reservation of tax credits, the applicant must have site control in a form acceptable to GHURA prior to GHURA entering into an allocation with the applicant. All lease terms must extend a minimum of five (5) years past the minimum affordability period.

- iii. At the time of application, site control shall be substantiated by providing evidence in the form of a fee simple deed executed land lease, or any other documentation acceptable to GHURA. For reservation, documentation acceptable to GHURA may include an executed lease or sale option agreement, or any other documentation acceptable to GHURA. All lease terms must extend a minimum of five (5) years past the minimum affordability period.
- d) **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.
- e) **Public Housing Waitlist/Homeless Services Programs:** Applicant shall certify that all low- income units will be made available to people on the waiting list for public housing, and/or acceptable homeless service programs. The following shall be submitted with the application:
 - i. Copy of the letter submitted to the local public housing authority which administers the public housing waiting lists that units will be available.
 - ii. Copy of the letter submitted to the Guam Homeless Coalition that provides services and programs to participating homeless services providers that units will be available.
- f) **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.
- g) **Phase I Environmental Assessment**
Required for all applications. For Acquisition/rehabilitation projects, the Phase I Environmental Assessment should address lead-based paint and asbestos.
- h) **Proof of Non-Profit Status**
If applying under the Federal non-profit set aside, submit the following:
 - i. Articles of Incorporation
 - ii. Copy of a current 501(c)(3) IRS Tax Exemption Letter
- i) **Minimum Affordability Period**
 - i. Applicants requesting an award of 9% LIHTC must commit to a minimum affordability period of 45 years.
 - ii. Acquisition /Rehabilitation of an Existing Building used for housing applicants: affordability period must also exceed any pre-existing affordability period by no less than 30 years.
- j) **Disqualification:** GHURA may disqualify an application based on substantive evidence connecting a principal to not being in good standing with any affordable rental housing program administered by the allocating agency or the Government of Guam.
- k) **Good Standing Policy:** GHURA, in its sole discretion, through its agents, may make the determination that a program applicant, including, but not limited to the principal, management agent, consultant, or affiliate is

not in good standing for one or more of the following reasons:

- i. Having an outstanding and unresolved debt to GHURA;
- ii. A documented record of unaddressed issues or concerns regarding property management;
- iii. Program noncompliance or malfeasance with any affordable housing program administered by the GHURA;
- iv. Program noncompliance or malfeasance with any Federal grant administered by the GHURA;
- v. Inclusion in the Federal Debarment list by any principal, management agent, consultant, or affiliate at the time of Application; or
- vi. Other determinations made by the agency based on a pattern of mismanagement or noncompliance as evidenced by monitoring reviews or other information.

Determinations may be appealed to the agency Board of Commissioners. Appeals shall be submitted to the Executive Director within 7 calendar days of the notification of the adverse determination

III. Selection Criteria

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 77 out of 111 points to be considered for award. Selection Criteria are as follows:

	CRITERIA	POINTS
1	Project Location and Proximity	20
2	Project Financial Feasibility/Viability	18
3	Project Characteristics	12
4	Populations Served by the Project	15
5	Developer, Owner, and Management Team Experience and Capacity	12
6	The Community Support and Involvement for the Project and its Impact on the Neighborhood	5
7	The Affordability of the Rents and the Length of the Affordability Period	8
8	Increase in the Extended Use Period / Conversion to Homeownership	6
9	Local/Federal Government Support	2
10	Qualified Non-Profit Organization	1
11	Qualified Census Tract	2
12	Public Housing Waiting Lists	1
13	Project will Receive Project-Based Rental Assistance	1
14	Historic Nature of the Project	1
15	Developer Fee	7

Criteria 1. (0-20 Points) Project Location and Proximity

The location of the project and its proximity to amenities, services, transportation, and jobs will have an impact on the quality of life and economic opportunities for low-income households. Please note this criterion consists of four subcategories: (1) proximity to public transportation; (2) proximity to grocery stores; (3) proximity to health care facilities; and (4) proximity to employment hubs. Each subcategory will be worth up to 5 points, depending on the distance from the proposed location to the nearest amenity or service. Distance is measured by driving distance using Google maps or a similar service. Please provide evidence through market study Points will be awarded as follows:

Subcategory	Distance	Points Available
Public Transportation	Less than 5 miles	5 Points
	5 – 10 miles	4 Points
	10 – 15 miles	3 Points
	More than 15 miles	0 Points
Grocery Store/Shopping	Less than 5 miles	5 Points
	5 – 10 miles	4 Points
	10 – 15 miles	3 Points
	More than 15 miles	0 Points
Health Care Facilities	Less than 5 miles	5 Points
	5 – 10 miles	4 Points
	10 – 15 miles	3 Points
	More than 15 miles	0 Points
Employment Hubs	Less than 5 miles	5 Points
	5 – 10 miles	4 Points
	10 – 15 miles	3 Points
	More than 15 miles	0 Points

Criteria 2. (0-18 Points) Project Financial Feasibility/Viability

The financial feasibility and viability of the project and its sources and uses of funds helps ensure that project is economically sound, has sufficient funding resources, and can sustain its operations and affordability over time. Applicants should consider including commitment letters, letters of interest or term sheets from experienced LIHTC investors. This criterion is worth 18 points and will consists of three subcategories: (1) debt coverage ratio; (2) operating expense ratio; and (3) sources and uses of funds. The points are awarded as follows:

Subcategory	Standard or Benchmark	Points Available
Debt Coverage Ratio	The ratio of net operating income to debt service payments. A higher ratio indicates ability to repay debt	6 points for a ratio 1.2 4 points for a ratio between 1.15 and 1.19 2 points for a ratio between 1.10 and 1.14 0 points for a ratio below 1.10
Operating Expense ratio	The ratio of operating expenses to effective gross income. A lower ratio indicates greater efficiency in managing costs.	6 points for a ratio 45% 4 points for a ratio between 46% and 50% 2 points for a ratio between 51% and 55% 0 points for a ratio above 55%
Sources and uses of funds	The amount and type of funding sources and how they are allocated to different project costs. A higher percentage of equity indicates greater financial strength and commitment.	6 points for percentage of equity above 80% 4 points for percentage of equity between 70% and 80% 2 points for percentage of equity between 60% and 70% 0 points for percentage of equity below 60%

Criteria 3. (0-12 Points) Project Characteristics

The design and quality of the project are important in providing affordable housing that is attractive, functional, durable and comfortable for the residents and the community. The efficiency, accessibility, and sustainability features of a project are important for reducing the environmental impact of the housing, lowering the operating costs, and enhancing the health and well-being of the residents. Projects are encouraged to incorporate as much features as possible.

Subcategory	Description	Points Available
Unit Layout/Space Efficiency	Efficient floor plans that maximize usable space, adequate storage space in each unit, optimal natural lighting and ventilation, and innovative design solutions to optimize small spaces. 80% of the project should consist of Studio/1bd/2bd units.	2 points
Universal Design and Accessibility	Barrier-free access to units and common areas, adherence to accessibility guidelines for doorways, hallways, and bathroom, and inclusion of adaptive design features for individuals with disabilities. If development is a multi-family multi-story project, ground level units should incorporate designs for individual with disabilities.	2 points
Architectural Compatibility and Neighborhood Integration	Design that complements the existing architectural style of the neighborhood; use of materials and colors that blend well with the surroundings; and engagement with community stakeholders to incorporate their feedback.	2 points
Energy Efficiency and Sustainability Design	Integration of energy-efficient building envelope and insulations, specification of high-efficiency HVAC systems and lighting, Incorporation of renewable energy generation systems, and use of sustainable materials and Construction practices. Projects are encouraged to incorporate green building certifications i.e. energy efficiency, LEED certifications and should provide evidence.	2 points
Community Spaces and Amenities	Provision of common areas for social interaction and communication, inclusion of amenities such as playgrounds, gardens, or fitness facilities.	2 points
Durability and Maintenance	Selection of high-quality Construction materials and finishes and implementation of durable and low maintenance building systems.	2 points

Criteria 4. (0-15 Points) The Populations Served by the Project

Successful LIHTC projects service populations of variety both to address the housing needs of the community and give opportunities for special populations to live in affordable housing. Points will be awarded to populations with special housing needs, homeless and at-risk populations, and certain preferences. Projects are encouraged to incorporate one or more types of populations and provide evidence to what extent of services or amenities will be available to each in the application.

Subcategory	Description	Points Available
Special Needs	<p>Physical Disabilities: preference may be given to projects that allocate a percentage of units to individuals or households with physical disabilities, ensuring accessibility features and accommodations.</p> <p>Mental Health Conditions: projects that provide supportive housing or partner with service providers to offer mental health services may receive additional points.</p> <p>Seniors: preference may be given to projects specifically designed for elderly individuals or households with features that support aging in place, such as grab bars, accessible entrances, or proximity to senior centers.</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> <p>A. 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 i.e. what ADA standards and designs will be incorporated in unit Construction or facilities? How many units will meet ADA standards, if any?</p> <p>B. The Market Study shall specifically address the housing needs for the special needs group.</p>	5 Points
Homeless And At-Risk Populations	<p>Homelessness: projects that reserve units for individuals or households transitioning from homelessness may receive priority.</p> <p>Foster Youth or Emancipated Youth: preference may be given to projects that allocate a portion of units specifically for foster youth aging out of the system or supportive services for these individuals.</p> <p>Domestic Violence Survivors: projects that prioritize housing for survivors of domestic violence and offer supportive services may receive additional points.</p>	5 Points

Preferences	<p>Local Residents: preference may be given to individuals or families who currently reside in the local community or have strong ties to the area, promoting community stability and integration.</p> <p>Veterans: projects that allocate units or collaborate with veteran support Organizations to provide housing for military veterans may receive preference.</p> <p>Displaced Individuals or Families: special consideration may be given to households that have been displaced due to natural disasters, eminent domain, or other emergencies, ensuring they have access to affordable housing.</p> <p>Individuals with Children: The Project will serve tenant populations of individuals with children and provide evidence through the service of programs for children.</p> <p>Developer's policies must clearly articulate the way displacement impacts to affected individuals and families will be executed to best address the needs of individuals seeking housing at the time of displacement due to natural disasters, eminent domain, or other emergencies.</p>	5 Points
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Criteria 5. (0-12 Points) Developer/Owner, and Management Team Experience and Capacity.

	Description	Points Available
Developer/Owner Experience	<p>Developer/Owner (or any member/staff of the development team) has a record of successfully completing LIHTC projects.</p> <p>Developer/Owner has an understanding of the LIHTC program, Application process, and compliance requirements.</p> <p>Developer/Owner has the financial stability and capacity i.e., the ability to secure financing, managing costs, and handle any unexpected expenses that may arise during the project.</p>	6 points
	<p>Developer/Owner (or any member/staff of the development team) has no record of LIHTC projects but has experience of building affordable housing projects of similar design.</p> <p>Developer/Owner has made efforts to research and understand the LIHTC program, the Application process and compliance requirements</p> <p>Developer/Owner has the financial stability and capacity i.e., the ability to secure financing, managing costs, and handle any unexpected expenses that may arise during the project.</p>	3 points
	<p>Developer who has a track record of chronic or substantive non-compliance, returned allocations or failed projects.</p> <p>Developer has no experience in LIHTC projects or the LIHTC program</p>	0 points
Management Team	<p>Management team has experience with LIHTC properties, a track record of successfully meeting LIHTC compliance requirements, understanding of income certifications and handling the unique challenges that come with managing affordable housing</p> <p>Management team can assess the property for maintenance and upkeep to maintain high-quality standards, addressing maintenance issues promptly and can conduct regular inspections to ensure property remains in good condition</p> <p>Management team has the ability to provide supportive services to low-income residents, can emphasize tenant satisfaction, communication, and responsiveness.</p>	6 points

<p>Management Team (continued from previous page)</p>	<p>Management team has no experience in servicing LIHTC properties but has experience in servicing projects of similar design.</p> <p>Management team will be able assess the property for maintenance and upkeep to maintain high-quality standards, addressing maintenance issues promptly and can conduct regular inspections to ensure property remains in good condition</p> <p>Management team will have the ability to provide supportive services to low-income residents, can emphasize tenant satisfaction, communication, and responsiveness.</p>	<p>3 points</p>
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Criteria 6. (0-5 Points) The Community Support and Involvement for the Project and its Impact on the Neighborhood

LIHTC projects should take into consideration the following in regards to the community support and involvement:

Subcategory	Description	Points Available
Community Engagement Strategy	Project will include local stakeholders and decision-making processes.	1 Point
Partnerships with Local Organizations	Project will partner with local Organizations that provide support services to residents	1 Point
Community Development Initiatives	Project developer/management team will support community development initiatives beyond the LIHTC property, such as support for economic development or neighborhood revitalization projects.	1 Point
Community Outreach and Education	Project will make efforts to educate the community about the LIHTC program and affordable housing options, including hosting informational sessions or participating in community events.	1 Point
Tenant Input and Feedback	Project management team will consider mechanisms for collection and incorporating tenant input and feedback. This could include tenant meetings, surveys, suggestion boxes or other channels of communication. The management team that actively seeks and values tenant input demonstrates the commitment to resident empowerment and community building for better LIHTC projects.	1 Point

Criteria 7. (2-8 Points) The Affordability of the Rents and the Length of the Affordability Period

The affordability of rents are critical for the LIHTC developments. Factors such as the percentage of units set aside for low-income tenants compared to the Area Median Gross Income (AMGI) helps ensure the commitment to maintain affordable rents and to keep it within the LIHTC program guidelines.

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

Criteria 8. (0-6 Points) Increase in the Extended Use Period / Conversion to Homeownership

LIHTC developments have a minimum compliance period requirement of 15 years, but some developments may have longer commitments. LIHTC developments may also have plans for units to be converted to homeownership for the residents after the initial 15-year compliance period has expired.

	Description	Points Available
Length of Affordability Period	15-year compliance period plus 46 years or more	6 Points
	15-year compliance period plus 30 years extended use period	4 Points
	15-year compliance period plus 15 years extended use period	2 Points
	15-year compliance period no extended use period	0 Points
OR		
Conversion to Homeownership	The development will be converted to homeownership for the residents after the initial fifteen (15)-year compliance period has expired.	6 Points

Applicants shall submit their plan for conversion to homeownership to be evaluated for feasibility and compliance with all regulations (Section 42, Fair Housing, and all other funding requirements).

Criteria 9. (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
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
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
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 10. (0-1 Points) Qualified Non-Profit Organization

The project will be owned by a qualified non-profit Organization as defined in Section 42(h)(5)(B), (C) of the Internal Revenue Code.

Description	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 End of Application submission. Organization must exist in and be qualified to do business in Guam. In addition, the following must be submitted:</p> <ol style="list-style-type: none">1. Articles of Incorporation2. Copy of a current 501(c)(3) IRS Tax Exemption Letter for the Qualified Non-Profit Organization3. Most recent Treasury Form 990 with all supporting documentation, as filed with the IRS <p>The Qualified Non-Profit Organization is required to have a physical office in Guam.</p>	1 Point

Criteria 11. (0-2 Points) Qualified Census Tract

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

Project is located in a 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 12. (0-1 Points) Public Housing Waiting Lists

Project must market their developments to the local PHA waiting lists including Section 8 existing waiting lists. The application must contain a letter to the PHA.

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

Criteria 13. (0-1 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 If the whole project has a secured authorization for project-based subsidies then 1 point will be awarded.	1 Point

Applicants are advised that GHURA, in its capacity as the local administering PHA, will not entertain requests for HUD HCV/S8 PBRA Program vouchers for developments receiving an allocation or reservation of tax credits under the 2025 QAP.

Criteria 14. (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 15. (0-7 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				

IV. 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 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.

Tie

In the event of a tie in the scores, Applications will be ranked according to tax credits per unit favoring the development that requires the fewest tax credits per unit.

GHURA reserves the right, in its sole discretion, to do the following:

- (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 LIHTC credits 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.

V. 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, eighty percent (80%) 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, participation elements, or requests for additional credits at the time of application or after may result in the retention of the entire good faith deposit by GHURA.

Compliance Monitoring Fee

Please refer to Section VI. 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.

VI. Compliance Monitoring Plan

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;
- 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.

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").
3. Election of income averaging for new LIHTC developments where LIHTC Qualified Units (Units) may serve households earning up to 80% of the Area Median Income (AMI) so long as the average income limit of the Qualified Units is 60% or less of AMI. Designated income levels for Qualified Units may be set at 10% increments between 20% and 80% of AMI. See Appendix 1 for further guidance.

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 '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.

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.

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.

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.

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 'Non-compliance Penalties' for information on Notification to the IRS of any non-compliance found in the management audit.

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 shall 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.

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.

Fees

A compliance monitoring fee of up to \$50 per unit for all units (for the 1st year full inspection) and \$25 per unit for all units (once every 3 years after 1st year full inspection) 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.

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.

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

recertified.

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.

Appeal

All appeals shall be resolved in accordance Administrative Procedure for GHURA's Low Income Housing Tax Credit Program Appeal Review. A copy of this Procedure is included as Appendix 3 of this QAP.

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

Income Averaging Guidelines

GHURA Guidelines for Utilizing the Income Averaging Minimum Set-Aside for Applications under Consideration or Already Approved

The Consolidated Appropriations Act of 2018 establishes income averaging as a new minimum set-aside Election for new LIHTC developments. It allows LIHTC Qualified Units to serve households earning as much as 80% of Area Median Income (AMI) so long as the average income limit of the Qualified Units is 60% or less of AMI. Designated income levels for Qualified Units may be set at 10% increments between 20% and 80% of AMI. GHURA will accept proposals for utilizing income averaging in application that are under consideration, have already been approved or have already initially closed, subject to the requirements outlined below.

General Requirements for All Income Averaging Proposals:

- Utilization of income averaging requires GHURA consent
- Proposals will not be accepted without evidence of approval by the syndicator/investor
- Changes in the AMI bands must be supported by a market study
- Proposals must maintain the requirements of any GHURA funding award
- A revised application and associated exhibits may be required
- If the use of income averaging triggers higher fees for compliance monitoring, the increase will need to be incorporated in the project budget

Additional Requirements for Developments that have already initially closed:

- Proposals will only be considered for Developments that have not yet executed Form 8609
- The proposal must continue to meet the requirements of the Section 42 of the Internal Revenue Code
- Set-aside elections made in the Extended Housing Commitment executed at initial closing and recorded at the Recorder's Office may need to be amended

Appendix 2

Market Study

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.

Appendix 3

Administrative Procedure for LIHTC Program Appeal Review

Purpose

During GHURA's competitive evaluation and selection processes, an Applicant may, within seven (7) calendar days of the date of formal notice of denial by GHURA, the Applicant may request for reconsideration and submit a request for an Appeal Review of GHURA's decision that results in the non-selection of a proposed project. The purpose of these guidelines is to provide procedural requirements for appeal where authorized pursuant to the Qualified Allocation Plan ("QAP").

Background

1. Applicants are only eligible to request an Appeal if the applicant has received a non-selection decision.
2. An Applicant's request for appeal shall be submitted in writing to the Executive Director of GHURA within seven (7) calendar days of the date indicated on the Non-Selection Letter. The written request for appeal must be received at the GHURA Main Office at 117 Bien Venida Avenue, Sinajana, GU 96910.
3. The Appeal process shall conclude within ten (10) calendar days from the receipt of the Appeal request.
4. At the outset of the evaluations and selection process, GHURA will identify an Appeal Review panel consisting of 3-5 individuals from outside of the Research, Planning and Evaluation Division.
5. GHURA, at the conclusion of the scoring process, identifies three 3-hour windows for Appeal Review meetings. Any Appeal Review will take place at GHURA (117 Bien Venida Avenue, Sinajana, GU 96910).

Appeal Review Committee

6. The Appeal Review Committee will consist of at least three employees appointed by the GHURA Executive Director. The Appeal Review Committee will be appointed prior to the initial announcement of awards. Appeal Review Committee members may include, but are not limited to, the Deputy Director, Division Managers, and Senior Staff.
7. The Chief Planner is an advisory member of the Appeal Review Committee. The Chief Planner does not participate in Appeal Review Committee deliberations but will attend the meetings and provide information or answer questions regarding the QAP process, as needed by the Committee.
8. The Appeal Review Meetings will be moderated by GHURA Legal Counsel.

General Procedure

9. The burden of proof shall be on the Applicant to prove that the decision that resulted in the non-selection of the Application was incorrect and that the Application met all QAP requirements, program requirements, and statutory requirements.
10. The Appeal Review Committee will use a "reasonableness" or "rational basis" standard to determine whether the Applicant submitted sufficient documentation that meets the requirements of the QAP to receive a particular score.

11. The issue in each case is whether the Applicant met the requirements of the QAP.
12. GHURA is not bound by a mistake in scoring in a previous round. The only question that will be considered by the Appeal Review Committee is whether the submitted Application was correctly or incorrectly scored in the current round.
13. Scoring is to be strictly based on the documents submitted by the Applicant at application submission for the year at issue.
14. Mistakes in other Applications should not be considered unless the mistake impacted the scoring of the Application under review.
15. Appeal Review Committee members must review the presented issues under the process and procedures of the QAP.
16. The Appeal Review Committee should not discuss any appeal with any elected official, local government representative, member of the Applicant team or member of the GHURA staff involved in the scoring of the Application prior to making its decision. Likewise, once an Applicant has requested an Appeal Review, GHURA staff involved in the scoring of the Application should not discuss the details of any appeal with any elected official, local government representative, member of the Applicant team or Appeal Review Committee member prior to making its decision.

Documentation

17. The Appeal Review Committee will only consider documents of record in making its final decision. Documents of record include (1) GHURA Scoring Documentation (including GHURA verification documentation used in the scoring of the Application), (2) the Application submitted for the applicant funding cycle, and (3) correspondence between the Applicant and GHURA during the scoring process. GHURA Scoring Documentation includes documentation used as part of the scoring of Applications in the current application round including the QAP, GHURA guidance, Q&A, instructions, tracking sheets, summaries and verification documentation. Additional documentation not specifically allowed by these rules cannot be submitted by either party during the Appeal process.
18. Only documentation that meets the requirements of the QAP will be considered by the Appeal Review Committee in determining whether the Application was correctly scored.
19. Applicants may not clarify (either by explanation or additional documentation) a “scoring” category in the QAP during scoring or during the Appeal process. GHURA must rely on the documents submitted by the Applicant in the submitted Application in making their decision.

Appeal Review Meeting Procedure

20. GHURA and the Applicant must submit a written summary of the issues to the Appeal Review Committee no less than five days prior to the Appeal Review Meeting. The summary shall be limited to ten pages exclusive of attachments.
21. At the meeting, GHURA staff will first present its argument(s) in defense of its scoring decision. After GHURA staff’s presentation, the Applicant will present its argument(s) in response to the GHURA scoring decision. GHURA will have an opportunity to respond to the Applicant’s presentation.
22. Each initial presentation shall be limited to one hour. GHURA’s response time will be limited to 20 minutes.
23. Appeal Review Committee members are free to ask either the Applicant or GHURA staff a question that they believe needs to be clarified. Should the Committee require an answer to a question after the Appeal Review Committee meeting, the Committee shall present the question to the GHURA Legal Counsel who shall obtain

the answer to the question and forward it to the Appeal Review Committee. Both the Applicant and the GHURA staff shall have the opportunity to respond to the question and the response must be provided within 48 hours of the request.

24. Discussion of the merits of either position shall take place between Appeal Review Committee members after the Appeal Review Committee meeting and not during the meeting.
25. This is not a court proceeding. Neither the Applicant nor GHURA staff have the ability to call witnesses or examine each other during the meeting. However, opportunity shall be afforded all parties to be represented by legal counsel and to respond and present evidence on all issues involved, subject to the documentation limitations above.
26. Questions by the Applicant or GHURA staff must be directed to the GHURA Legal Counsel after the meeting is concluded.
27. The Appeal Review Committee's final decision will be transmitted to both the Applicant and to the GHURA Executive Director by the GHURA Legal Counsel.