2025 LIHTC 4% ROUND QUESTIONS AND ANSWERS

New Q&A in red.

QAP Section	Question	IFA Answer
General	Are there Community Housing Development Organizations (CHDOs) that have statewide jurisdiction or are in the north of the state?	No.
General	Are previous applications online?	Previous 4% applications are available for review with a Public Information Request sent to the Public Records team at IFA. https://opportunityiowa.gov/about/iowa-economic-development-authority/public-records-request
General	Is there a list of preferred third-party vendors for Appraisals, Market Studies, and Capital Needs Assessments?	No, IFA does not have preferred vendors.
1.1 – Set-Asides	Could a Scattered Site Project where most of the Units are rural apply in the Rural Set-Aside?	All sites in a Scattered Site Project must meet the criteria to be eligible for the Rural Set-Aside.
1.1 – Set-Asides	If a Project does not get chosen for the Rural Set-Aside, will the project get moved into the General Set-Aside?	Per Section 1.1.B of the QAP, the remaining applications will be considered under the General Set-Aside.
1.2 – Private Activity Bond Cap	Do you know how much available volume cap there is going to be in the coming 4% round?	It is mentioned in QAP section 1.2, $80 million. The cap is 2026 cap so the awarded projects must close in the calendar year of 2026.

1.3 – Developer Cap	Are developers able to get multiple awards in the 4% round in Iowa?	Please see section 1.3 of the QAP. Our expectation is one award per developer.
2.1 – Tax Credit Reservation and Bond Inducement Resolution Schedule	There are 2 deadlines listed in the QAP for bond volume, 1 in July and 1 in August. How will that ranking work? Is it possible that all volume is awarded in the July round or is the volume being split into 2 rounds to ensure that in August there will be volume available?	There is no ranking given in relation to receiving bond inducement resolution. Tax Credit Applications will be awarded based on scoring in regards to the applications that are due 9/17/25. Note that you must have an approved bond inducement resolution prior to applying for 4% tax credits. Bond cap is allocated after the Tax Credit Awards have been made.
2.1 – Tax Credit Reservation and Bond Inducement Resolution Schedule	The instructions for Bond Inducement Resolution Application include two dates: July 23, 2025 or August 20, 2025. Are Projects able to choose which date to apply by or must Projects submit something before both dates?	Bond Inducement Resolutions must go before the IFA Board and the deadlines are associated with the August and September Board meetings, respectively. You may choose which date makes the most sense for your Project and only need one Bond Inducement Resolution Application.
2.1 – Tax Credit Reservation and Bond Inducement Resolution Schedule	Can Projects request extensions to the Placed-In-Service requirement of 24 months from the date of Bond Issuance Date?	The 2025 4% QAP does not allow for extensions to the schedule in Section 2.1.
2.1 – Tax Credit Reservation and Bond Inducement Resolution Schedule	What is the last board meeting date for inducement?	The last IFA Board Meeting date for Bond Inducement Resolutions is September 3, 2025. The deadline for submitting a Bond Inducement Resolution Application for that meeting is August 20, 2025.
2.1 – Tax Credit Reservation and Bond Inducement Resolution Schedule	Can you clarify what is meant by the "bond issuance date?" Is this the date of closing or some sort of approval date? How would a project determine what date this would be?	Bond issuance for awarded 2025 4% Projects must occur in calendar year 2026 at an IFA Board Meeting and will typically coincide with closing. For questions about bonds, please reach out to Aaron.Smith@IowaFinance.com or your bond counsel.

2.4 – Application Submittal	If we're planning to submit an application for bond volume next month, we'd be following the 2025 QAP not the 2026 QAP, yes?	That is correct, the 2025 Second Amended 4% QAP.
2.4 – Application Submittal	Are Projects permitted to make changes to their unit summary/unit mix after submitting the Bond Inducement Resolution Application but before the Tax Credit Application Submission due date?	You are permitted to make changes to your unit summary/unit mix after Bond Inducement Resolution Application and before the Tax Credit Application Submission, but IFA expects that any changes would be minimal.
2.4 – Application Submittal	Could a 4% Project have a bond issuer other than IFA and apply for 4% Tax Credits and volume cap with IFA?	If you are using a bond issuer other than IFA, you are not eligible for 4% Tax Credits or volume cap from IFA.
2.5 – Market Study	Are separate Market Studies needed for different developments that are located in the same Primary Market Area?	Yes, each Project will have its own location, amenities, and unit characteristics that will be used within the market study.
2.6 – Complete Application	For 4% projects, would Redevelopment Tax Credits need to be awarded before the project could be awarded 4% Tax Credits?	Redevelopment Tax Credits do not need to be awarded prior to 4% Tax Credit Application. For the 4% application to be considered complete, Applicants would need to provide a Developer or GP loan to cover the potential receipt of a Redevelopment award.
2.6 – Complete Application	Section 2.6 of the QAP indicates that for an application to be complete, it must include "a preliminary site plan, floor plans, and elevations of all sides of all buildings." Does IFA have a specific checklist other than what is outlined in Appendix B for Exhibit 5B - Site Plans and Exhibit 8B - Building Plans to show the level of design	The level of design detail listed in Appendix B is accurate. Typically, what we are looking for at the application stage is a one-page site plan that displays all of the features mentioned in the appendix. For the building plans - a floor plan of each floor, unit plans of each unit type, and a set of building elevations are sufficient but it's important to be clear about the measurements and sizes of the buildings and units so

	detail expected at the time of Application submission?	they reflect the totals listed in the application. Also, make sure to note project amenities and all accessible features to confirm that the proposed configuration will meet code.
3.2 - Qualified Development Team		
A. Qualifying Entity	When a project is using the Developer as the Qualifying Entity, can the Developer have been listed on an awarded Tax Credit Project and a separate entity as an affiliate of the Developer be currently serving as the GP/MM on an awarded Tax Credit Project?	The Qualifying Entity must be one entity. Multiple entities may not be used to create the Qualifying Entity. Section 3.2.A.1 of the QAP should read "The Developer or an affiliate thereof shall have been listed in an awarded Tax Credit Application as a Developer (may be a joint venture) and this Developer or affiliate thereof is currently serving as a GP/MM or sole shareholder/member of the GP/MM of the legal Ownership Entity for at least one Tax Credit Project that has received an IRS Form 8609 prior to the Application submission due date."
A. Qualifying Entity	If an entity has been awarded Tax Credit Projects in states other than Iowa, are they considered a Qualifying Entity?	The QAP does not require that completed Projects issued an IRS Form 8609 be in Iowa. The QAP does require that a Qualifying Entity have completed at least one Tax Credit Project with an issued IRS Form 8609 and meet all other requirements listed in 3.2.A. A Qualifying Entity may still be subject to the requirements under 3.2.C as a new entity to Iowa.
A. Qualifying Entity	Section 3.2.A.1 says that the Developer or an affiliate shall have been listed in "an awarded Tax Credit application...". Does this mean a tax credit application specifically in the state of Iowa? Or does any state satisfy this requirement?	As this sentence does not specify that the awarded Tax Credit application must be in Iowa, it means in any state.

A. Qualifying Entity	Section 3.2.A.2 says that GP/MM or an affiliate thereof with at least 50% ownership of the GP/MM of the Ownership Entity of the Project shall have been listed in "an awarded Tax Credit application...". Does this mean a tax credit application specifically in the state of Iowa? Or does any state satisfy this requirement?	As this sentence does not specify that the awarded Tax Credit application must be in Iowa, it means in any state.
A. Qualifying Entity	If a Developer or a GP/MM does not satisfy the requirements in 3.2.A, they can still potentially receive an award in 2025, based on the table shown in 3.2.C?	All Applications must include a Qualifying Entity as defined in 3.2.A.
A. Qualifying Entity	The Application appears to be asking for the Qualifying Entity to provide information about all 4% Projects completed in the entity's history. Do we need to list all of these in the Application?	This was a technical issue and has been resolved.
C. New Developer and General Partner/Managing Member to Iowa	Section 3.2.C refers to "Tax Credit Award" in multiple places; in one of those places, it states "Tax Credit Award in Iowa", and in other places it states "Tax Credit Award". In the places where it states "Tax Credit Award" (without the qualifier "in Iowa"), does this mean "Tax Credit Award in any state"?	Eligibility is based upon the chart in 3.2.C for entities new to the State of Iowa.
E. Management Company	Section 3.2.E mentions that the management company shall have "at least 3 Tax Credit Properties". Is the requirement that these properties must be located in Iowa?	No, the requirement is not that the Tax Credit Properties are located in Iowa.

3.4 – Site Requirements		
A. Zoning	Is proper zoning required at the time of Application submission?	Proper zoning is not required at the time of Application submission for Projects applying under the 2025 4% QAP.
A. Zoning	For the required zoning and parking documentation per Section 3.4.A - Zoning, will Exhibit 7B/7S suffice as proof to meet the documentation requirement? Or, do we need to provide separate documentation (like a separate signed letter from the City verifying the zoning and the parking)? The parking requirement is also referenced in Section 3.4.E.2.b. of the QAP.	Correct, the Exhibit 7B/7S completed by the City provides the documentation of zoning and parking requirements for the Project.
B. Scattered Sites	For Scattered Site Projects, must each site have its own Leasing Office?	Scattered Site Projects are not required to have a leasing office at each site but must meet all the other requirements of 3.4.B.
3.5 – Project Requirements		
D. Minimum Set-Aside Elections	Can Scattered Site Projects elect the Average Income Test if they also have Project Based Vouchers?	The 2025 4% QAP does not allow the Average Income Test for Scattered Site Projects. See Section 3.5.D.
4.1 – Project Development Costs		
D. Operating Reserve	In Section 4.1.D of the 2025 4% QAP, a statement reads, “The operating reserves may be funded with an irrevocable letter of credit.” When this says “funded”, does IFA mean that the letter of credit actually must be *drawn* and	The latter…a standby letter of credit may be posted by the project, and it would only be drawn in the same scenario as when the operating reserve itself would be drawn (if the operating reserve was funded by cash).

	the proceeds must fund the operating reserve (which would probably defeat the purpose)? Or does this mean that a standby letter of credit may be posted by the project, and it would only be drawn in the same scenario as when the operating reserve itself would be drawn (if the operating reserve was funded by cash)?	
D. Operating Reserve	Does IFA have other requirements for the letter of credit, such as how many years the term should be, or any other specific terms we need to share with our bank that would provide the letter of credit?	A letter of credit (LOC) is expected to be in place for the Compliance Period of 15 years unless funded with cash in the future. Many LOC's are for one year with automatic renewals. The cost to initially set up the LOC and annual fees should also be noted in the letter of intent from the Bank for the application.
D. Operating Reserve	Have other developers used letters of credit in this manner for IFA funded projects?	Yes, but we would recommend discussing with your expected syndicator and lender as many require cash for the operating reserve.
4.2 – Project Funding Sources	In the Application under Federal Financing types, there are options that include "Tax-Exempt Bond Financing" and "Taxable Bond Financing". If a Project is only using those two Federal Financing types, do they need to submit anything to SHPO?	If a Project only is using tax-exempt bond financing and/or taxable bond financing, they do not need to reach out to the State Historic Preservation Office.
E. State HOME and National Housing Trust Fund (NHTF)	The QAP specifies that State HOME and NHTF are not allowed on 4% Projects in 4.2.E, are 4% Projects allowed to use HOME-ARP dollars?	No, 4% Projects may not use HOME-ARP as a funding source.
4.3 – Project Operating Costs and Cash Flow		

C. Vacancy Rate Standards	Are Projects permitted to write to a vacancy rate other than 7% if using project-based vouchers?	Per Section 4.3.C, a vacancy rate other than 7% must be recommended by a lender or investor.
5 – Scoring	For Scattered Site Projects, is scoring all-or-nothing endeavor, or if 2 of 3 sites were to qualify for points in a category, would the points be averaged?	Scattered Site points are not averaged. All sites in a Scattered Site Projects must qualify for the points selected to be eligible.
5.1 – Readiness to Proceed	If a Project has more than one Project Type, how will IFA score the Project under Readiness to Proceed?	All Applicants may achieve the maximum 40 points under Readiness to Proceed by selecting from the categories listed in 5.1 of QAP unless the QAP specifically precludes it. Projects may not receive points under the same category twice. However, all buildings in a Project must qualify to be eligible for points under 5.1.B.2 if points are selected for that category.
5.1 – Readiness to Proceed	Because all 4% bond deals must submit Tax-Exempt Bonds, is there any circumstance in which a Project can select "federal funds used (grants or loans)" as detailed in Section 5.1.A.3 or 5.1.C.4 to get the 15 points?	While IFA realizes that 4% tax exempt bond projects are considered federally funded, the scoring category is tied to the use of federal funding sources that would trigger federal cross-cutting measures such as the environmental review process so if you do not have any such sources then you can answer no and be eligible for the points as a New Construction Project or an Acq/Rehab Project.
A. New Construction	In the 2025 - Third Amended QAP, under 5.1.A.3., No Federal funds used (grants or loans) it seems to just repeat what is stated in 5.1.A.2. It repeats the following, "All utilities in place at least to the edge of the project site and appropriately sized for the project or utility extension will not delay project construction." Is this a typo?	The incorrect version of the Third Amended 2025 4% QAP was initially linked on the website and has since been corrected. This is a typo and should read "No Federal funds that would trigger additional Federal cross-cutting measures included."

C. Preservation (Acq/Rehab Projects)	What happens if a project falls under both 5.1.C.2 as a HUD (or RD) project and 5.1.C.3 as an existing tax credit project? Would that project not be able to receive points in either category therefore capping the project at a maximum score of 30 in Section 5.1.C?	The QAP was published with a scrivener's error and has since been revised. Acq/Rehab projects may get a maximum of 40 points under 5.1.C.
C. Preservation (Acq/Rehab Projects)	If a 4% Acq/Rehab Project is using only Federal Historic Tax Credits as a funding source and no other federal funds, would that Project still be eligible for points under 5.1.C.4?	LIHTC only Projects are not federalized and do not require a full environmental review. So, a 4% Project with only Federal Historic Tax Credits and no other federal funds in the funding sources would be eligible for points under 5.1.C.4.
C. Preservation (Acq/Rehab Projects)	Would a Project that has 75% of units covered by a Project Based Rental Assistance Contract and is an existing LIHTC project be eligible to receive points under 5.1.C.2?	Projects that may qualify under both 5.1.C.2 and 5.1.C.3 must choose which section to request points under. A revision to the QAP will go before the IFA Board in August to clarify.
5.2 – Location	If a Scattered Site Project has buildings that all qualify for points but in different amounts within the Location section, how will IFA award points?	All building addresses in a Project, including Scattered Site Projects, shall meet the Location scoring requirements to be eligible for points. IFA will award the lesser points within each scoring category based on building locations.
5.3 – Tax Credit Experience	Section 5.3 refers to "Tax Credit Projects". Does this mean tax credit projects in Iowa, or does this mean tax credit projects in any state?	This means Tax Credit Projects in any state, as it does not specify Tax Credit Projects in Iowa.

5.4 – Tax Credit Performance	How would projects determine the Bond Issuance Date for past projects subject to lose points under 5.4.A?	The development team on the Project will know previous bond issuance dates.
5.5 – Market Appeal	Under 5.5 - Market Appeal, can Projects that include both new construction and acq/rehab elect points under categories designated for Acq/Rehab only?	Any selection for points under 5.5 – Market Appeal must apply to all residential buildings to be eligible for points.
5.6 – Other	How do you document the Iowa Title Guaranty Points at the time of application when the verification of using Title Guaranty would come at 8609 application?	It is a commitment to use Iowa Title Guaranty if you are selecting these points on the Scoring Tab. Per Section 7.2.E of the QAP, changes that lower the final score of the Project are not allowed and would be subject to loss of tax credits and ineligibility.
9.4 – Minimum Development Characteristics – All Projects	Does IFA have minimum square footage unit sizes for rehab and new construction projects in 4% bond deals?	IFA does not have unit size minimums in the 2025 4% QAP unit to provide some flexibility for projects that are able to achieve a smaller unit size but still maintain all of the required QAP amenities and design requirements, including accessibility requirements as appropriate. Any new construction or adaptive reuse project may not have any unit size less than a 1BR.
9.4 – Minimum Development Characteristics – All Projects	Since IFA does not define minimum dimensions for suitable patios required for townhome/rowhouse/duplex projects, can you confirm what IFA will accept as suitable?	IFA's intent is to be flexible and that any patios included are functional as a tenant amenity and in compliance with all local code. At the time of Application Submission, IFA will review plans and if there are any concerns, will address them in the deficiency period.
9.4 – Minimum Development	Does IFA define a minimum depth or amount of open space required in the rear yard before it meets the sidewalk or public right-of-way?	IFA defers to local or state code (whichever applies to your project).

Characteristics – All Projects		
A. General	What is meant by “high speed internet wiring?” Is there a defined minimum speed the cables must support?	High speed internet wiring must offer speeds of at least 100/20 Mbps and latency performance of at no more than 100 milliseconds.
B. Exterior Construction	How should a Project with walk-up apartments treat the QAP requirements for Main Entrance Areas?	As this building design does not fit into either of the noted categories, no additional features would be required outside of code compliance.
Glossary of Terms	We wanted to confirm that the "ownership entity" in the application is also considered the "applicant." Per the QAP, the definition of "Applicant" lists: The ownership entity, developer, General partner, managing member, or affiliate as shown in the application."	Correct. IFA defines Applicant to include those entities and uses Applicant in the QAP to mean all or any of these entities unless otherwise specified with specific language.
Appendices/Exhibits	**Question**	**IFA Answer**
Appendices – General	Are the Appendices that go with this new QAP published somewhere? If so, are they draft or final?	The 2025 Appendices Package has been published along with the final QAP and is available on the website.
Appendix O – Market Study Requirements	Does IFA have a specific maximum penetration rate?	IFA does not have a specific maximum penetration rate. However, IFA looks at all other requirements as well as vacancies and other info within the study or known to IFA to understand the impact that potential project would have on the community.
Exhibits – General	I see an exhibit listed as required, but I do not see it on the Exhibits tab like the other automatically generated IFA forms. Should it appear on the Exhibits tab?	Exhibits that are required will appear on the Exhibits tab once you complete certain steps within the Application. If you have technical issues with the Application, please reach out to Stacy Cunningham at Stacy.Cunningham@IowaFinance.com.

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