



Dakota County
Community Development
Agency

DAKOTA COUNTY CDA

HOUSING TAX CREDIT

2026 QUALIFIED ALLOCATION PLAN (QAP)

(Amended)

- b. Section 42(m)(2)(D) of the Code provides that in order for a tax-exempt bond financed project to receive an allocation of 4% Tax Credits, the issuer of the bonds must make a determination that the Tax Credit amount does not exceed the amount that the issuer determines is necessary for the financial feasibility of the project and its viability as a qualified housing project throughout the 10-year credit period. The determination by the issuer shall be made in a manner consistent with this Plan and the Procedural Manual. Section 42 requires that the issuer of bonds must consider the following in making such determination:
1. the sources and uses of funds and the total financing planned for the project;
 2. any proceeds or receipts expected to be generated by reason of tax benefits;
 3. the percentage of the Tax Credit amount used for project costs other than the cost of intermediaries;
 4. the reasonableness of the developmental and operational costs of the project; and
 5. a comprehensive Market Study of the housing needs of low-income individuals in the area to be served by the project, conducted before the Tax Credit allocation is made, and at the developer's expense by a disinterested party approved by the Agency.

This determination must be **made prior to the issuance of the tax exempt bonds** in an amount sufficient, together with any tax-exempt volume limited bonds issued previously for the same project, to finance the minimum required percentage of the aggregate basis of the building(s) and the land it is located on, which is currently 50%. The "required minimum percentage" is established by federal law and is subject to changes in federal law. For each project, the Agency will determine and apply the minimum percentage required by federal law in accordance with federal effective dates. Subject to any future changes in federal law, the following required minimum percentages apply:

1. -The required minimum percentage is 25%, if
 - a. a project is placed in service after December 31, 2025, and
 - b. at least 5% of the aggregate basis of the building and land is financed with bonds issued after December 31, 2025.
2. For all other projects, the required minimum percentage is 50%.

To the extent the Agency is also the bond issuer, it will also issue the letter required by Section 42(m)(2)(D) of the Code.