



STATE RESPONSES to ARRA: TCAP and Exchange Program

| | TCAP (gap finance) | Exchange Program | Pipeline | Other |
|-------------------|---|---|---|--|
| Alabama | From AHFA: Accepting AHFA has made the decision to accept applications as originally planned (03/09 - 03/13). TCAP will most likely be in the form of a subordinate mortgage loan with personal guaranties from project owners 1.) TCAP and Exchange Program will be available only to projects that have received an award of tax credits during the three-year period ending on Sept 30, 2009. Any projects that did not receive tax credits from AHFA during 2007 or 2008 must submit a successful application for tax credits during the 2009 application cycle in order to be eligible to participate in TCAP or the exchange program 2.) AHFA has circulated a questionnaire to tax credit projects funded in its 2007 and 2008 application cycles in order to determine their status and must be included in order to be eligible to participate in TCAP or the exchange program 3.) AHFA expects to place the highest funding priority on projects that have agreements in place for equity commitments and are the farthest along in closing and funding those commitments. 4.) Bond-financed projects with 4% tax credit will not be eligible | According AHFA - permits states to substitute a cash grant in place of an eligible project's tax credits in an amount of up to 85% of those credits, subject to subsidy layering review and to AHFA's underwriting criteria (more info in column to the left) | 10 stalled projects that don't have investors | |
| California | <p>Eligible Projects: 2007 and 2008 awardees, 2009 awardees (by Sept. 2009), AB 55 loans - money provided for construction-period financing and must be repaid upon project completion.</p> <p>Award Amounts: Projects may receive the difference between the credit equity stated in the original tax credit application, up to 85 cents for every currently reserved federal tax credit dollar, and the committed equity up to 15 cents per currently reserved federal tax credit dollar and ten cents for every California State Credit.</p> <p>March 13th, the California Tax Credit Allocation Committee (TCAC) released a new proposed regulation section incorporating the American Recovery and Reinvestment Act of 2009, specifically the Tax Credit Assistance Program (TCAP) funding and credit exchange program. TCAC says it is providing the proposed regulations while waiting for more detailed program guidance from the Department of Housing and Urban Development (HUD) and the Secretary of the Treasury regarding these funding sources. HUD is expected to post the TCAP rules shortly, and it is likely that states will have short timelines for providing the plans they adopt for administering those funds. To prepare for the anticipated short federal timelines, TCAC says its staff is promulgating the proposed regulations for public review and comment. Comments on those regulations will be accepted in writing and at three public hearings. TCAC says the proposed regulations are likely to evolve as staff receive public comments and receive additional federal guidance.</p> | <p>Pavao didn't view Credit Exchange Funds as an "additional source" since the exchange requirement made the Credit Exchange funds a "zero sum" game economically"</p> <p>Eligible Projects: 2007 and 2008 awardees, 2009 awardees (by Sept. 2009), AB 55 loans - money provided for construction-period financing and must be repaid upon project completion</p> <p>Award Amounts: Projects may receive an award equal to the stated equity in the original tax credit application up to 85 cents for every currently reserved federal tax credit dollar and up to 60 cents for every California State Credit currently reserved by CTCAC for the project.</p> | | <p>Postponed 1st application round (May 22nd)</p> <p>Public hearings coming up about revisions</p> |
| Colorado | LIHTC Equity Panel will allow affordable housing stakeholders an opportunity to hear from the investment community about the new stimulus bill (ARRA), current market conditions, yield expectations, credit pricing, and what developers can do to develop successful projects that are more likely to find equity investors. | | | |
| Delaware | <p>Public Forums to be held for comments on on distribution of ARRA funds on April 7 and April 9.</p> <p>In order to access these funds, DSHA will need additional guidance from both HUD and IRS, specifically as it relates to the timing and availability of funds and the requirements for prioritizing "shovel ready" developments. Stimulus funds are to be distributed pursuant to DSHA's QAP, applicable HOME regulations and DSHA shall perform asset management functions to these funds. DSHA's goal in implementing ARRA is to provide sufficient capital to developments holding a tax credit award which do not have an equity investor or which have insufficient equity investment available to demonstrate financial feasibility. ARRA requires tight timeframes to disburse funds; therefore, projects that demonstrate their ability to move forward quickly will be given a priority. DSHA will endeavor to provide maximum flexibility and responsiveness to developers seeking 2009 tax credits and is committed to exploring all available options in allocating resources to developments meeting the priorities set forth in the 2009 QAP.</p> <p>Consequently, the submission date for tax credit applications for 2009 credit allocations has been changed to on or before 3pm on 04/09/09</p> | | | delayed application |
| Florida | <p>Florida Housing staff intends to present a plan to its Board at the April 24th board meeting regarding the implementation and process to be used in order to access the funds available to Florida Housing per the American Recovery and Reinvestment Act of 2009 (ARRA). Additionally, we've scheduled a public meeting on April 8th regarding the ARRA funds.....</p> <p>It's our current intention to monetize all of the LIHTC awards that we can, so that we maximize the flow of federal stimulus funding to Florida. The plan that we intend to present to the Board in April will provide at least some guidance as to how we plan to implement the award of the ARRA funding to transactions in Florida. It is our expectation that some folks with a 2008 LIHTC award will not receive ARRA funding (we expect that not all transactions that were previously awarded LIHTC will be in markets that would support such a transaction at this time). Furthermore, it is our expectation that those folks that do receive ARRA funding will not receive \$0.85 (we expect that many of the transactions that will receive ARRA funding can move forward with a lower amount).</p> | | | |

| | TCAP (gap finance) | Exchange Program | Pipeline | Other |
|-----------------|--|--|---------------------------------------|--|
| Georgia | Laurel Hart and DCA held an ARRA Forum on 03/18/09. She indicated that TCAP funding could be available for 4% LIHTC deals. | | only 6 projects with investor letters | <p>3/30/09 Notice: Notice on Financing Commitments during 2009 Round</p> <p>The 2009 competitive round, DCA will not require a written LIHTC equity commitment in the Application Submission. For underwriting purposes during the '09 competitive round, DCA will use the following equity pricing: \$.75 federal equity price for urban projects; \$.70 federal equity price for Rural projects; \$.25 state equity price for all projects.</p> <p>Any 2009 application selected for funding will be required to submit a firm equity commitment to DCA no later than 45 days after the carryover allocation. This change does not apply to any preliminary commitment for debt/grant or equity for historic credit and these commitments must be submitted in the 9% credit application.</p> <p>The original preliminary equity commitment is required on all "4% credit"/bond applications in accordance with the 2009 QAP. DCA's determination letters issued in accordance with the '09 QAP will expire 180 days from the date of the determination letter unless the project debt and equity close within the same time period at prices generally at the level represented in the Application. If a project does not close, DCA will return the application file to the applicant.</p> |
| Hawaii | These federal resources could be a tremendous help to Hawaii tax credit projects that cannot go forward because of inadequate investor equity. The HHFDC will be administering these resources, and promulgating regulations for inclusion within the State's Qualified Allocation Plan (QAP). Please check our website for updated information over the coming weeks. | | | |
| Indiana | | Moving fast on monetization and has already selected 2008 deals to monetize - planning to use the syndicators currently making the deal (and experienced in Indiana) to underwrite and asset manage the monetized transactions and pay them a commercially reasonable "fee". | | Sent out a survey to determine equity status of current projects (survey attached) |
| Kentucky | <p>KHC is investigating the impact of ARRA on all of our programs and there are still many unknowns. Once we have received additional guidance, we will have a better understanding on how to proceed. We already know Davis-Bacon Act guidelines will probably apply to this bill, but there are many other federal requirements that might have an impact on these funds, such as environmental reviews.</p> <p>Therefore, we are requesting all 2008 and 2009 projects that did not receive HOME funding initially, as well as any projects that may have to use funding from ARRA, complete the Kentucky Intergovernmental Review Process Application and submit it to the State Clearinghouse in the Kentucky Department for Local Government to begin the process of the environmental review. This application can be found on the KHC Web site under Housing Production, Rental Production Programs, Kentucky Intergovernmental Review Process, or you may contact your program representative. As we receive additional guidance, we will inform our partners through the eGram system on how to proceed. At this time, please wait before submitting any proposals unless your program representative contacts you. We want to move as quickly as possible and we will keep you informed as new information becomes available. KHC's staff environmental specialist will begin the process of site reviews after we receive the State Clearinghouse comments. This is a lengthy process that should begin immediately to avoid any future delays.</p> <p>4/1/09 E-Gram: No decision has been made at this time regarding the use of the Tax Credit Assistance Program (TCAP) funds. KHC's first priority for TCAP funds will be 9 percent tax credit projects.</p> | | | |

| | TCAP (gap finance) | Exchange Program | Pipeline | Other |
|---------------|--|---|-----------------------------|--|
| Louisiana | | | | Letter written to Obama about using funds in "GoZones": Memo 03/12/09: The Louisiana Housing Finance Agency (the "Agency") hereby gives notice that a public hearing on an Amendment of the 2007/08 GO Zone and Per Capita Credit Qualified Allocation Plans to take advantage of the provisions of the American Recovery and Reinvestment Act of 2009 (the "Stimulus Bill") to distribute competitively a portion of the Capital Funds and the Treasury Grants under the Stimulus Bill while simultaneously increasing funds available to low-income housing projects with allocated credits on a priority basis (i) first, with inefficient syndications and (ii) second, under construction with cost overruns; and providing for other matters in connection therewith will be held at 10:00 a.m. on March 26, 2009. |
| Maine | | | | Weatherization technician training for end of Feb and all of March. |
| Maryland | <p>March 23, 2009 Notice: On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) was enacted. Two provisions in ARRA are directly tied to filling financing gaps in multifamily rental projects as a result of recent, dramatic drops in the value of the LIHTC – (1) newly appropriated federal funds designated as gap financing for tax credit projects (Tax Credit Assistance Program (TCAP) funds) and (2) the ability to exchange 2007, 2008 and 2009 LIHTCs for funding (Monetization funds) through the U.S. Treasury. ARRA sets stringent timeframes for committing and expending TCAP and Monetization funds – 75% of the TCAP funds must be committed by February 16, 2010 and expended by February 16, 2011. All of the Monetization funds must be subawarded before January 1, 2011. Both the TCAP and Monetization funds will subject projects to the same limitations (including rent, income, and long term use restrictions) as required by LIHTC Program. To be eligible for TCAP, a project must have received an award of LIHTC on or before September 30, 2009.</p> <p>The Department is working diligently to ensure that Maryland quickly and effectively utilizes these new federal resources for LIHTC projects. We have had and will continue to have discussions with NCSHA, HUD, IRS, the Maryland Affordable Housing Coalition, legal counsel and others on policies and procedures applicable to the use of the funds. Please feel free to contact us to discuss these new federal resources. Maryland's share of the TCAP funds is expected to be \$31.7 million.</p> <p>The Department must wait until HUD has issued guidance on TCAP funds to finalize & publish procedures for awarding funds. HUD guidance is expected in late March. The Treasury has not yet provided details concerning the Monetization funds.</p> <p>The statutory deadlines incorporated into ARRA will likely require projects receiving TCAP funds to be ready to close on their financing and start construction by the end of 2009. DHCD awards for the December 2008 Competitive Funding Round are intended to maximize the number of projects that would be eligible to apply for the TCAP funds, and will enable these projects to move forward while DHCD awaits federal guidance on the criteria and standards applicable to the award of the TCAP funds. As soon as we receive and analyze the HUD guidance we will post information on how we plan to award TCAP funds.</p> <p>Pat Sylvester (DHCD) Presentation (early March): DHCD reports the following: The \$31.7M TCAP funds that have been allocated to Maryland are being administered by HUD. HUD will issue a Notice of Funding and Maryland must apply for the \$31.7M even though they are supposed to receive it under the ARRA. HUD has mandated that the money must be awarded to projects no later than September 2008. DHCD does not believe it can hold a funding round and aware the funds by September 2008 so they are going to look at the 27 projects that applied for credits in the December 2008 round. Five projects were fully funded with LIHTC and HOME funds. DHCD will ask any projects that did not receive full funding to apply (a very short, possibly one page application) for the TCAP funds. DHCD may hold a 2009 funding round in late fall (October or November) but Pat would like to hold off until February 2010. Any projects that already have an investor committed will probably get priority over other projects. DHCD may want to meet with the investor as they don't completely trust commitment letters.</p> | | | |
| Massachusetts | | NHT heard that MA will use up to 40% of 9% credits for exchange; and will exchange up to 100% of the 2007 and 2008 credits to the extent those credits can be exchanged for an amount higher than their current, if any, investor pricing, i.e., where the investor pricing is less than 85 cents | 31 projects w/ no investors | |

| | TCAP (gap finance) | Exchange Program | Pipeline | Other |
|----------|---|---|---|--|
| Michigan | <p>From the Preliminary Implementation Plan 03/25/09: This is just a draft version because still awaiting HUD and Treasury regulatory guidance:</p> <ul style="list-style-type: none"> • The backlog of projects from the past two years is too large for all stalled projects to move forward simultaneously • The different funding opportunities provided by ARRA, along with the Neighborhood Stabilization Program (NSP) funding provided by HERA, each have specific commitment and expenditure timelines and varying eligibility and compliance requirements <p>In order to make efficient and full use of these resources (HERA and ARRA), the Authority will explicitly reserve the ability to reapportion funds and funding sources within and between the program categories described within this document.</p> <p>With this announcement, the Authority is providing notice that applicants for 9% Low Income Housing Tax Credits under the 2009 Qualified Allocation Plan can request federal TCAP funding as a part of their applications in the upcoming 9% funding rounds without the need for a separate application. The Authority intends to tentatively set-aside up to \$34.5 Million in TCAP funding to support this initiative.</p> <p>Applicants for 2009 9% LIHTC Awards will be allowed to request up to \$0.25 in federal TCAP per dollar of LIHTC. This is a maximum. Further details will follow, but developers should be aware of several issues:</p> <ul style="list-style-type: none"> • The Authority believes that TCAP funds will ultimately trigger cross-cutting federal requirements similar in many ways to those applied to HOME funding. As a result, developers should assume that compliance with Davis Bacon & Related Acts (DBRA), the Uniform Relocation Act (URA), the National Environmental Protection Act (NEPA), and Uniform Federal Accessibility Standards (UFAS) will be required. The applicability of these standards has specific implications for any applicant seeking TCAP funds that will need to be addressed in planning, preparing, and submitting May 2009 LIHTC applications. • At this time, the Authority intends to secure any TCAP investment with a mortgage loan and regulatory agreement. The terms of such mortgages will be outlined in greater detail over the next several weeks, but we currently expect to structure them as soft loans payable from a percentage of cash flow with affordability requirements consistent with LIHTC and other restrictions already part of the property's development planning. <ul style="list-style-type: none"> • Because of presumed recapture risk to the Authority and to encourage solid underwriting, applicants selected for 2009 LIHTC awards that have requested TCAP funding will be underwritten jointly by the Rental Development & Homeless Initiatives Division and the Tax Credit Allocations unit. The Authority's Direct Lending underwriting guidelines will be applied to any request for TCAP funding, including but not limited to expectations about reserve funding levels, income/expense inflation factors, debt coverage ratios, design review standards, and construction oversight. • ARRA requires that states provide asset management oversight to developments receiving TCAP or Monetized Credit investments and further provides that reasonable annual fees can be charged to cover the cost of this function. At this time, the Authority initially intends to perform this function itself and to require some level of ongoing monthly income and expense reporting, annual budget and audit reviews, and periodic capital needs assessments similar to developments financed through the Authority's Direct Lending programs. Further details on the specifics of this process will be released shortly. <ul style="list-style-type: none"> • To encourage leveraging and to maximize the value of equity investments to the state, the Authority will apply additional scoring criteria to the previously published 2009 QAP Scoring Summary. The Authority intends to award additional points in an inverse relationship to the TCAP funding sought, so those applications seeking less than the maximum TCAP support—i.e. those that request less than \$0.25 per dollar of LIHTC—are advantaged. Specifically, for each \$0.01 less than the maximum \$0.25 of effective pricing support from TCAP requested, a development proposal will be awarded 2 additional points. For example, a development proposal seeking only TCAP funding equal to only \$0.20 per LIHTC will receive 10 additional points. Developments that are viable without TCAP funding will receive the maximum 50 points. <p>The Authority anticipates there will be requests for federal TCAP funds from developers that have either closed or are seeking to close on 2007 or 2008 tax credit awards but have funding gaps due to lower than expected pricing. Requests to provide gap financing to developments that have already closed are problematic on several fronts. Projects that have closed may not be able to meet the requirements for federal funding since most of the cross-cutting federal requirements must be satisfied prior to beginning a project. Additionally, developers that closed deals with a gap did so in full knowledge of the risks attendant in such an undertaking, and providing additional funding will, in general, not leverage additional investment into the state since the investment in the development has otherwise been made.</p> <p>Sponsors seeking gap fillers to support credit pricing less than \$0.85 are encouraged to strongly consider the TCAP.</p> | <p>The Authority strongly urges sponsors with unsyndicated LIHTC awards from 2007 and 2008 to voluntarily return those awards quickly, to free up resources for affordable housing in Michigan. No penalty or stigma will be attached to an award voluntarily returned. Return of credit allocations simply recognizes that the economic environment has shifted radically since the award was made.</p> <p>However, sponsors who are eventually required to return unsyndicated LIHTC may be penalized. The Authority intends to set aside funding generated through the federal exchange program, which as yet does not have formal guidance. Until developers return their credits, it is unclear exactly how much Michigan will have available through the exchange, but the Authority estimates that at least \$150 million of funding will be used in this manner.</p> <p>Applicants for the 9% Credit Exchange Program will be required to submit refreshed underwriting materials including updated proforma projections. As with the 9% Credit Assistance Program described above, development proposals will be underwritten jointly by staff from the Rental Development & Homeless Initiatives Division and the Tax Credit Allocations unit. The Authority's Direct Lending underwriting guidelines will be applied to any request for TCAP funding, including but not limited to expectations about reserve funding levels, income/expense inflation factors, debt coverage ratios, design review standards, and construction oversight.</p> <p>Sponsors seeking to return their credits and apply for funding under the 9% Credit Exchange Program will be required to submit documentation that they have made good faith efforts to syndicate any returned credit reservations on reasonable terms. Developers who have been unable to attract equity investment at reasonable pricing and terms will be able to return their credits and apply for funding under this program.</p> <p>The Authority generally intends to award funding at the minimum level needed as determined by its underwriting. This amount is in no way dependent on the federal credit exchange amount or previous awards of LIHTC. It is a need-based gap filler, subject to project evaluation, underwriting, and available resources. The Authority is not, however, initially inclined to consider individual requests for exchange funding that exceed the monetized credit funding resulting from the return of a specific credit award.</p> | <p>76 projects with 9% LIHTC reservations in 2007-2008 have been unable to obtain private equity commitments.</p> | <p>From the Preliminary Implementation Plan 03/25/09: MSHDA is pleased to announce plans for four key program areas: 1. 9% Tax Credit Assistance Program: This program will provide funding support for applicants seeking awards of 2009 LIHTC ceiling; 2. 9% Tax Credit Exchange Program: This program will allow sponsors with an unsyndicated 9% LIHTC award from 2007 or 2008 to return their credits and apply for direct funding from the Authority in lieu of syndication of those credit awards; 3. 4% Tax Credit Assistance Program: This program will provide gap financing resources for proposals seeking 4% LIHTC and tax exempt financing from the Authority; and</p> <p>4. Michigan Affordable Housing Reinvestment and Innovation Program: This program will, subject to compliance with federal regulations, provide funding to reinvest in existing affordable multifamily housing developments across the state whose viability is threatened, to invest in additional production under the three programs outlined above, or to invest in other innovative efforts to improve the viability of the state's affordable housing stock.</p> <p>From the Prelim Implementation Plan: 4% Tax Credit Assistance The Authority further intends to set-aside up to \$30 million in Monetized Credit and/or TCAP funding to support development proposals seeking tax exempt financing. These funds will be used to supplement existing soft funding resources the Authority has made available, including HOME, NSP, and MSHDA Preservation funds.</p> <p>As noted in the 9% Credit Assistance and 9% Credit Exchange Programs above, sponsors should consider the implications of cross-cutting federal requirements to their proposals and assume that any assistance under the 4% Credit Assistance Program will trigger compliance with DBRA, URA, NEPA, and UFAS.</p> <p>The Authority intends to release technical bulletins outlining revisions in the Direct Lending underwriting process and program parameters. These changes are intended to clarify and reconcile differences between the Direct Lending programs and the 2009 QAP, address a new system of awarding gap financing resources, update the Authority's underwriting outlook based upon recent economic and market trends, and provide clarity on the integration of these resources into the Authority's standing programs.</p> |

| | TCAP (gap finance) | Exchange Program | Pipeline | Other |
|---------------------|--|---|--|---|
| Michigan (cont.) | <p>The Authority anticipates excess demand for ARRA resources, and providing TCAP funding to support pricing of credits below the federal exchange rate has both the direct cost of the TCAP investment and the opportunity cost of credits that could have been exchanged at a higher rate. There may be limited circumstances where a modest investment of TCAP funding would accelerate the pace of a specific development or provide other indirect benefits that are worth considering. At this time, however, the Authority's primary focus for this program option is to support 2009 LIHTC applications.</p> <p>From "White Paper of the Michigan Housing Council" 03/06: believe that the resources provided under the Act must: 1. Target Shovel Ready, Investor Quality Affordable Housing Projects 2. Support the Existing LIHTC Delivery System 3. Limit the Authority's Liability 4. Restrict Participation to 9% Affordable Housing developments --> leads to MHC Recommendations which are a) Triage 2007 and 2008 LIHTC Projects b) Restrict the Number of Projects using 100% Stimulus Funding to Bridge the equity gap c) Identify Funding Priorities (suggested priorities: 10% of funds to projects that can close in the next 60 - 90 days, 10% of funds to projects that will take more than 90 days to close and are unlikely to receive significant private equity in the current market, 50 - 75% of funds to projects whose equity need can be filled with a combination of private equity and such other funds as may be available, and final category - projects that do not need assistance and can compete in the national marketplace for equity.</p> | <p>While details are still unclear, the Authority believes that Monetized Credit Investments may trigger DBRA requirements. Additionally, based on the commitment and expenditure deadlines associated with different funding sources, the Authority will seek to use TCAP funding for any 9% Credit Exchange Program proposals that also qualify for TCAP and will seek to process those proposals ahead of applications for Monetized Credit Investments. We believe TCAP funds will ultimately trigger cross-cutting federal requirements similar to those applied to HOME. As a result, developers should assume that compliance with DBRA, URA, NEPA, and UFAS will be required.</p> <p>At this time, the Authority intends to secure any TCAP or Monetized Credit investment with a mortgage loan and regulatory agreement. The terms of such a mortgage will be outlined in greater detail over the next several weeks, but we currently expect to structure them as soft loans payable from a percentage of cash flow.</p> <p>ARRA requires that states provide asset management oversight to developments receiving TCAP or Monetized Credit investments and further provides that reasonable annual fees can be charged to cover the cost of this function. At this time, the Authority intends to perform this function itself and to require some level of ongoing monthly income and expense reporting, periodic capital needs assessments, and annual budget and audit reviews similar to developments financed through the Authority's Direct Lending programs. Further details on the specifics of this process, how it can be coordinated with asset management oversight by LIHTC investors, and the annual fees that will be assessed will be released shortly.</p> <p>While participation will not be required and lack of participation will not be a factor in decisions to make awards under the 9% Credit Exchange Program, the Authority intends to make up to \$400 million in Tax Exempt Direct Lending financing available for construction and permanent loans for developments participating in the Exchange Program. Subject to compliance with the QAP and Section 42 rules, we believe this will qualify developments taking advantage of this special tax exempt financing program for 4% LIHTCs. Developers seeking an award of 4% LIHTC will be able to either syndicate those credits or claim those credits for themselves. Credits claimed by the developer may be treated as (in present value terms) payment of developer fees for purposes of development sources and uses. This concept is preliminary only and may change at formal implementation.</p> | 60 - 70 stalled 2007 - 2008 pipeline deals | <p>From the Prelim Implementation Plan: MI Affordable Housing Reinvestment and Innovation Program: The Authority intends to monetize 40% of the available 2009 credit ceiling and 40% of any 2009 national pool allocation received. Estimated to produce \$75 million in Monetized Credits to invest in additional affordable housing efforts. Subject to the regulatory guidance from Treasury and HUD, the Authority intends to use these funds on efforts, prioritized in the order listed below, that:</p> <ol style="list-style-type: none"> 1. Reinvest in existing developments that could, with appropriate infusion of rehabilitation funding, be preserved for at least 15 years without the need for a full preservation transaction. 2. Provide additional gap financing for tax exempt bond financed developments with actual equity commitments. 3. Provide additional gap financing to developments receiving 9% LIHTC awards from 2009. 4. Provide additional gap financing to development proposals in future 9% LIHTC funding rounds. <p>Initial plans at this point call for the Authority to accept applications for 2010 9% LIHTC awards in the fourth quarter of calendar 2009.</p> <ol style="list-style-type: none"> 5. Provide additional gap funding support to unique, innovative, or critical mission driven projects seeking resources in the other programs outlined above. <p>For more information about this program, the memo may be located at: http://www.michigan.gov/documents/mshda/Recovery-Announcement-Draft_272059_7.pdf</p> |
| Minnesota | | | | March "Working Together" conference, had a panel discussing the implementation of HERA, but nothing written about ARRA |
| Mississippi | | | | 03/12/09 Memo: Based on QAP Application Financial Feasibility Review, MHC will utilize \$0.66 as the average purchase price for applications submitted during the cycle. MHC will underwrite using other prices for applications which include additional documentation outlining anticipated purchase price of tax credits for the proposed development. |

| | TCAP (gap finance) | Exchange Program | Pipeline | Other |
|-----------------------|---|---|---|--|
| Missouri | <p>MHDC continues the process of digesting the provisions of the Act and has actively begun the process of preparing procedures necessary for the approval and deployment of the housing resources established by the Act. Furthermore, all state housing finance agencies must await formal rulemaking, and in some cases, informal guidance from federal agencies before finalizing and implementing the allocation of both sources of financing. MHDC is excited to establish thoughtful procedures that will result in the development of quality affordable housing in the state of Missouri in the interim, the low-income housing tax credit community should be aware that access to these funds by qualified low-income housing developments is not automatic. Developers who have received approval for allocations of 2008 and 2009 low-income housing tax credits must continue to pursue federal investors and achieve the milestones required by the conditional reservations and carryover allocations issued by MHDC.</p> <p>Failure to continue good faith efforts to receive a commitment and enter into a binding agreement with an investor will be considered in MHDC's evaluation of the developer's performance with the low income housing tax credit program</p> <p>02/27: Document was created that summarized TCAP and highlighted specific questions; When will the notice from HUD be published? When will the funds be made available to draw upon? Must HUD approve the release of funds on a project-by-project basis? Are projects with disaster credits eligible to receive TCAP funds? What is meant by the term "awarded" in the context of 4% deals?</p> | <p>02/27: Document was created that summarized TCAP and highlighted specific questions; When will Trsy issue guidelines? When will the exchange funds be available? Is the exchange with Trsy a one-time event or may credits be exchanged as they are returned? It appears disaster credits are not eligible to be exchanged, but are disaster deals able to use EF? Can EF be combined with TCAP funds?</p> | | <p>www.recoverymhdc.org</p> |
| Nebraska | <p>HOME Funds must be used in conjunction with a LIHTC award that is made by September 30, 2009. vi) If the HOME Funds are awarded as loans, it is not clear what happens to any funds that are repaid to NIFA.</p> | <p>NIFA's 2009 LIHTC ceiling will be reduced by the amount of LIHTC exchanged under the program.</p> | | <p>Nebraska Investment Finance Authority ("NIFA") held a public hearing to discuss the impact of the American Recovery and Reinvestment Act of 2009 and potential amendments to the 2009 Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) as a result of its passage on March 10, 2009.. Waiting for amendment approvals</p> |
| New Jersey | | | <p>\$36 million in unused tax credits</p> | |
| New York | | <p>Deborah VanAmerongen: What I have said is that NYS will not take 40% of our credits and exchange them. We have a viable, if weakened, tax credit market in NYS. We have no unallocated '08 credits, or recaptured credits (we took some back and awarded them to new deals) and all of our '09 credits have been awarded to deals, we would have to take them back in order to participate in exchange. It is possible that as the year goes on, if the market does not improve, or worsens, we may have to consider exchange on a deal-by-deal basis if the alternative is to let that particular deal die. But, we will have to be convinced that there is no other alternative available. Also, no one knows how Treasury is going to structure the program, so we'll have to see what it looks like.</p> | | |
| North Carolina | <p>April 2, 2009 email from NCHFA: Due to the continuing uncertainty in the financial markets, the Agency will not ask applicants in the 2009 cycle to submit letters from equity providers with the Full Application. Evidence of permanent loan commitments are still required. For underwriting purposes, applicants should choose an equity price between a minimum of \$0.65 and a maximum of \$0.72. Projects that cannot demonstrate feasibility at or above \$0.65 will be ineligible for award. Projects using a price above \$0.72 must submit an equity letter with their application.</p> <p>02/18: "We understand developers, investors, and others are interested in how NCHFA will implement these provisions. However, there are many more unknowns and issues to resolve than when the HERA legislation enacted last summer. Some of the questions related to timing and availability of funds will need to be answered by federal agencies before we can establish policy. The best guidance we can provide at this time is to continue to seek equity for funded projects and do not delay any pending equity closings due to this legislation."</p> | | <p>40-50 projects with awards but no equity</p> | <p>Pre ARRA: 1.) credits may be returned credits will roll into available ceiling for 2009, resulting in no loss to the state. The exchanged 2009 LIHTCs are non-competitive and automatic. 2.) owners seeking exchanged allocations could also ask for agency-designated 30 percent boost as allowed in HERA, and those awarded in 2007 could request their LIHTCs reflect the new 9 percent minimum rate</p> |

| | TCAP (gap finance) | Exchange Program | Pipeline | Other |
|------------------------|--|---|--|---|
| North Carolina (cont.) | <p>Email from NCHFA 03/25: We have received questions from a number of interested parties on the American Recovery and Reinvestment Act of 2009 (ARRA) and wanted to provide a response. There are two provisions relating to the Housing Credit Program: \$2.25 billion for what is now known as the Tax Credit Assistance Program (TCAP), and the ability for agencies to exchange certain allocations for cash from the Treasury (Exchange).</p> <p>There likely will be a short turnaround time for the Agency to prepare a plan for distribution of the funds. Therefore we anticipate releasing a draft TCAP plan as soon as possible after the HUD announcement, but exactly what happens will depend on the substance of the guidance. The state's share of this appropriation is \$52,152,687, which is less than 1/3 of what would be necessary to replace equity on the stalled pipeline of projects with 2007 and 2008 allocations. Implementing the Exchange will depend in part on Treasury's determination of how the proceeds will be disbursed. We understand from an unofficial source that this may not occur until the third quarter of 2009.</p> <p>The Agency is closely following developments and is in frequent contact with other state allocating agencies and national organizations. As mentioned in the February 18 broadcast email we always welcome your input. Please submit comments to us at any time. We will schedule a meeting once there is something more definitive to discuss.</p> | | | |
| Ohio | <p>(From Implementation Plan Draft) - http://www.ohiohome.org/federalstimulus.aspx</p> <p>1. Owners of all eligible projects will be contacted no later than April 22, 2009 and will be required to submit information regarding their financing and development status to OHFA no later than May 1. The timing for this process is contingent upon the release of additional guidance from HUD and IRS, and OHFA may adjust the dates accordingly based on this guidance. OHFA is unable to formally accept applications for TCAP or exchange HTC until formal procedures and appropriate agreements are in place with HUD and IRS.</p> <p>3. OHFA will prioritize projects based on the strength of the commitment of the syndicator and/or investor and the ability of the project to proceed. In addition, since the additional funding is designed to compensate for declining investor demand and not higher project costs, projects with increases in costs will receive a lower priority. Owners should have alternative funding sources in place to address cost overruns. Additional funds will only be provided if the additional costs are reasonable and necessary as determined by OHFA. Projects will be fully reviewed and awarded funds based on the priority ranking.</p> <p>4. OHFA will contract with an entity ("project underwriting contractor") to re-evaluate project underwriting, market for the property, and capacity of the development team. OHFA will contract with an entity ("project cost estimator contractor") to evaluate the project costs for all 2008 HTC projects. Both the project cost estimator and project underwriting contractor will evaluate the updated costs and fees and make recommendations for possible reductions. OHFA will not offer additional assistance to projects with significant issues as identified</p> <p>5. If an owner has an updated commitment from a syndicator or investor, additional gap financing is available to make up for the reduction in the price of the HTC. Funding awards will be made during the month of June. Again, the timing for this process is contingent upon the release of additional guidance from HUD and IRS, and OHFA may adjust the dates accordingly based on this guidance. Additional details:</p> <p>a. Awards will be in the form of soft loans or grants depending on the needs of project.</p> <p>b. The total amount of assistance provided will be based on the financial feasibility of the project and the ability of the investor to obtain a reasonable return for the purchase of the HTC.</p> <p>c. TCAP funds will be awarded to projects that were previously awarded HDAP-HOME funds.</p> <p>d. TCE funds will be awarded to all other projects</p> <p>e. For credit prices below \$.75, OHFA may determine that the new estimated price is too low and require an exchange of credits (see 6. below). These determinations will be made on a case by case basis and will be based on achieving OHFA's policy goals for the ARRA funds.</p> <p>f. OHFA may offer owners the ability to exchange their allocation of HTC for a 2009 allocation of HTC in order to reduce the completion risk for investors and provide additional incentive for investors to commit funds to the project.</p> <p>g. Owners will then have until November 1, 2009 to close the equity at the price. If an owner is unable to close at that date, the owner must immediately return all OHFA funds. OHFA will then re-evaluate the project and provide funding using the procedures described below (see 6.).</p> <p>6. If an owner does not have a commitment from an investor and can document good faith efforts to obtain investors or if an owner can only sell credits for a price that OHFA determines to not be an efficient use of public subsidy, OHFA may exchange the credits and award grant dollars and/or TCAP to finance the project. This option will only be available to projects that do not pose a significant financing risk to OHFA, which will assume the role as the primary funding source. OHFA will be more risk averse as the primary funder. Funding awards will be made during the month of June. Again, the timing for this process is contingent upon the release of additional guidance from HUD and IRS, and OHFA may adjust the dates accordingly based on this guidance.</p> <p>Additional details:</p> | <p>(From Implementation Plan Draft) - http://www.ohiohome.org/federalstimulus.aspx</p> <p>1. After determining the ranking of the 2009 projects by pool, the project underwriting contractor will evaluate the high ranking projects likely to be funded and make recommendations regarding project costs, financial feasibility of the project, ability for the projects to proceed, and capacity of the development team.</p> <p>2. For projects that rank highly in the competitive process and are most likely to attract investors, OHFA will reserve a combination of 2009 HTC, HDAP, NSP (if applicable), and ARRA funds to projects by August 1, 2009. The minimum amount of funds needed to ensure financial feasibility and reasonably attract investors will be provided to each project. Funding determinations and financing structures will be made on a case by case basis.</p> <p>OHFA may reduce the amount of credits requested and replace investor equity with ARRA funds depending on the financial feasibility of the project. Owners that are unable to find investors for the HTC and notify OHFA no later than December 1, 2009, may be offered replacement funds, if available, for the HTC equity. This option will only be available to projects that do not have significant issues identified by the project underwriting contractor and do not pose a significant financing risk to OHFA.</p> <p>3. For projects that rank highly in the competitive process, are not likely to attract investors at all or at an efficient price, and do not have significant issues identified by the project underwriting contractor, OHFA will reserve a combination of HDAP, NSP (if applicable), and ARRA funds to these projects by September 1, 2009.</p> <p>This option will only be available to projects that do not pose a significant financing risk to OHFA, which will assume the role as the primary funding source. OHFA will be more risk averse as the primary funder. The minimum amount of funds needed to ensure financial feasibility and reasonably attract investors will be provided to each project. Funding determinations and financing structures will be made on a case by case basis.</p> | 58 projects from '08 that haven't closed | <p>(From Implementation Plan Draft) Funds will be distributed according to the following priorities: projects awarded competitive HTC in 2007 or 2008 and have not yet closed with their credit investors; projects that receive a reservation of competitive HTC in 2009 and have a reasonable chance to find investors at a reasonable price; and ARRA funds remaining unreserved after September 1, 2009, the funds will be set-aside as a contingency to provide additional assistance to the 2009 projects if needed. If funds remain after OHFA's review of the 2009 projects in February, 2010, then OHFA will use the funds to assist the 2010 competitive HTC projects. Depending on the amount of ARRA funds available and economic conditions, OHFA may also elect to use a portion of the ARRA funds for multifamily bond projects. Only projects that are developed by an experienced development team, serve a significant housing need for the state, and can be closed within six months of approval will be eligible. The financial feasibility and scope of work for the project will also be considerations for funding. OHFA will provide additional guidance in October, 2009.</p> <p>For: Program Fees and Project Reserves Fee Limits and Cost Certification Additional Guidance Forthcoming Please check out the plan at this link: http://www.ohiohome.org/federalstimulus.aspx</p> |

| | TCAP (gap finance) | Exchange Program | Pipeline | Other |
|--------------|--|---|----------|---|
| Ohio (cont.) | <p>a. Awards will be in the form of soft loans or grants depending on the financial feasibility of the project.</p> <p>b. The total amount of assistance provided will be based on the financial feasibility of the project</p> <p>c. OHFA reserves the right to hold up to 25% of the developer fee during the 15-year compliance period in order to ensure compliance. A payment schedule will be created prior to commitment of funds.</p> <p>d. Additional operating reserves will be added to the project budget from the TCE funds and will be controlled by OHFA.</p> <p>e. The owner/developer will be required to provide guarantees for the recapture of grant funds for non-compliance during the 15 year compliance period. OHFA will use standard industry practices as a guide in creating the guarantee requirements.</p> <p>f. HDAP awards will remain in place; however, commitments for OHFA's Housing Development Loan program may be revoked if they are unable to be restructured without a tax credit investor and still meet the program requirements.</p> <p>7. In order to expedite the process and provide immediate stimulus, funding decisions will be made at the staff level with final approval by the Executive Director. An internal ARRA Committee with staff from various offices within OHFA will be formed to review funding decisions. Beginning the first week of June, status reports will be sent weekly via e-mail to the OHFA Board until all funding decisions have been made. Staff will give a presentation regarding the final decisions at the August meeting of the OHFA Board.</p> | <p>4. OHFA's goal is to fund at least 35 projects with a combination of 2009 HTC, HDAP, NSP, and ARRA funds.</p> <p>5. All funding awards for HDAP, NSP (if applicable), and ARRA funds for the 2009 HTC projects must be approved by the OHFA Board. These projects will be presented during the September and October OHFA Board meetings.</p> <p>6. Owners will have until February 1, 2010 to close the construction loan, provide developer guarantees, provide a firm commitment for the tax credit investor (if applicable), and meet any other conditions imposed by OHFA. OHFA will re-evaluate the projects again during February, 2010 and offer additional assistance if available and if needed due to a continued decline in investor demand for the HTC.</p> <p>If the owner is unable to meet this deadline, OHFA will require that all funding be returned and award the funds (final amounts to determined on feasibility analysis by OHFA) to a project on a waiting list to be developed after the 2009 funding round. Projects on the waiting list will be issued a conditional (based on availability of funds) award of HTC in order to meet the credit award requirements for the TCAP.</p> | | |
| Oklahoma | <p><i>HOME gap financing:</i> OHFA will receive \$25,723,568 of HOME funds for 2007, 2008, and 2009 housing credit awards to be used for any funding that meets our QAP requirements. OHFA understands that the Low-Income Tax Credit rules and regulations (Sec. 42) are to be followed. We also believe that the HUD Secretary is given discretion to waive any of the HOME laws or regulations in order to expedite use of the funds, except for fair housing, non-discrimination, labor standards, and environmental review procedures. At this time, it is OHFA's understanding that Davis Bacon wage provisions shall apply to any development receiving funds under ARRA. Also, at this time, it is OHFA's understanding the regular HOME draw down provisions including progressive funds requests with supporting documentation will apply to these funds.</p> | <p>OHFA will have the option of exchanging a portion of their housing credits for cash from the Treasury Department that would in turn be provided as grants to project owners. Generally, exchangeable credits equal 100% of credits returned in 2009 plus up to 40% of the 2009 population-based credits. OHFA's exchange for this cash (for grants) would then equal up to 85% of the amount of the housing credits exchanged times 10. OHFA will have to underwrite the development to determine the cash grant so that it meets our QAP and that no more funding than necessary is provided. At this time, it is OHFA's understanding that Davis Bacon wage provisions shall apply to any development receiving funds under ARRA</p> | | <p>We would like you to know that we have been working diligently to begin implementing what changes we can with the limited information that is currently available. We are working on our QAP specifically the rules to allow OHFA to utilize these two funding sources. We expect to have a draft of emergency rules to take to the March board meeting. We are planning on presenting to the board these rules along with any other information provided by Treasury and HUD concerning procedural aspects of utilizing these ARRA funds.</p> |
| Oregon | <p>2/20/09 Memo: On Tuesday, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). The act includes additional resources to stimulate the development of affordable rental housing for low-income families through the issuance of two provisions related to LIHTC projects: The bill provides \$2.25 billion nationally for capital investments in LIHTC projects, to be issued to state housing credit agencies, calculated as percentage of HOME funds issued to each state. These funds are to be awarded pursuant to the Qualified Allocation Plan and in compliance with some of the HOME rules; The bill allows state housing finance agencies to exchange a portion of 2009 credits, and prior year returned credits for federal grant funds valued at 85 percent of the exchanged credits. These two measures provide additional resources that will bring needed assistance in moving forward those affordable housing projects that have become stagnant or incurred significant gaps due to falloff of the tax credit market.</p> | <p>Currently, at the state level, there are many unanswered questions as to the mechanics of administrating this funding, identifying policy parameters and long term compliance. Further, ARRA requires states to "establish a process in which applicants for the sub-awards [relating to the exchange provision] must demonstrate good faith efforts to obtain investment commitments before the agency makes such sub-awards." While OHCS staff is working to identify answers and solutions, the best direction we can impart to our partners so far is to continue to seek equity for projects currently in the pipeline, at every stage of development. We encourage you to proceed with your plans and, as possible, not delay equity closings due to the passing of this legislation. The strength and future success of the LIHTC program remains in the public-private partnership commitment that has to date insured its achievements.</p> | | |

| | TCAP (gap finance) | Exchange Program | Pipeline | Other |
|--------------|---|------------------|---|---|
| Pennsylvania | <p>Continuing challenges face affordable housing and the current market continues to present enormous instability and uncertainty. PHFA is taking a number of steps to assist in providing maximum flexibility and responsiveness to developers seeking 2009 tax credits. As such, while the Agency remains committed to exploring all available options in allocating resources to developments meeting the Commonwealth's housing priorities and those set forth in the 2009 Amended Qualified Allocation Plan (QAP), PHFA expects to depart from the current QAP in the current environment. PHFA announces, in accordance with the provisions of the QAP, that adjustments and waivers of certain of the QAP parameters and limitations will be considered and made as necessary to assist in achieving project viability, funding projects able to proceed in a timely manner and filling gaps created by the upheaval in the equity market.</p> <p>The following specific areas may be affected: All developments that are not located in a QCT or DDA may be considered for a basis boost of up to 130% if the Agency determines that the boost is necessary for financial feasibility of the development; Developments may be eligible for tax credits in excess of the maximum established \$1,200,000 per project limitation (\$1,600,000 in distressed municipalities) if the Agency determines that additional Tax Credits are necessary for the financial feasibility of the development; Due to the substitution of funding sources to determine financial feasibility during application processing, including an award of additional tax credits as described herein, the Agency may remove from consideration the Leveraging of Resources Selection Criteria in its entirety. The Agency may, however, look at the commitment of federal, state or local funds when making tax credit determination;</p> <p>The Agency may consider a request for additional tax credits from developments holding a reservation of prior year Tax Credits if the Agency determines that additional tax credits are necessary for the development to achieve a timely equity closing; The ability of a development to proceed may be a factor in the consideration for Tax Credits. Developments which are successful in receiving a reservation of Tax Credits in 2009 may be required to demonstrate that an equity investment is in place within 90 days from the date of reservation; Any timeframe established in the QAP may be waived or adjusted by the Agency in its discretion to assist developments in achieving equity closings and in the event of such timeframe change, waivers or adjustments, the Agency may impose such additional requirements and deadlines on such developments as it deems appropriate.</p> | | 44 projects in pipeline with awards and no investor (13 already have HOME \$) | <p>3/26/09 PHFA Memo describing TCAP and Exchange Provisions. "Our goal remains to provide sufficient capital to developments holding a tax credit award which either do not have an equity investor or which have insufficient equity investment available to demonstrate financial feasibility. We will be under tight timeframes to disburse these ARRA funds. Therefore projects that demonstrate their ability to move forward quickly will be given a priority status.</p> <p>At this time, we are requesting information about those developments that have been awarded a reservation of tax credits and have attached a questionnaire regarding a development's ability to move forward in the near future (aka "shovel ready"). We are relying on you to provide this information to us as it may be the basis for our implementation of our "gap" funding plans using these new resources."</p> |
| Tennessee | <p>3/31/09 THDA Memo:As of the date of this memo, HUD and Treasury have not yet issued the much-anticipated guidance regarding the requirements and administration of ARRA resources. In the interim, the THDA Board has approved certain "guiding principles" that THDA staff will use in developing program details for the ARRA relief provisions. Please see www.thda.org for these "guiding principles" and for other changes to the 2009 QAP that will affect 2009 Initial Applications. The following describes current staff expectations regarding the application of the "guiding principles" to developments proposed in 2009 Initial Applications:</p> <ol style="list-style-type: none"> The general model for developments proposed in 2009 Initial Applications must include: <ol style="list-style-type: none"> Reasonable Costs Private Financing based on achievable rental income within Section 42 rent limits Sale of housing credits (equity / syndication) Gap financing funded by ARRA resources 100% financing will not be available, i.e. developments proposed in 2009 Initial Applications must include syndication and must be able to demonstrate the ability to syndicate housing tax credits for no less than \$0.65. TCAP funds will be made available to fund "gaps" for developments proposed in 2009 Initial Applications and will not be in the form of grants. Funds resulting from "monetization" will not be available for developments proposed in 2009 Initial Applications. A preference will be given to those developments proposed in 2009 Initial Applications that show the most realistic numbers with the smallest financing "gap" to be filled with TCAP funds. TCAP funds are expected to require application of various cross cutting federal regulations including, without limitation, Davis Bacon & related acts, the Uniform Relocation Act, the National Environmental Protection Act, and Uniform Federal Accessibility Standards. In planning, preparing and submitting 2009 Initial Applications, applicants should assume that compliance with these regulations will be required to access TCAP funds, if a funding gap exists for the development proposed in the 2009 Initial Application. The implications of these statutes and regulations will need to be carefully considered and taken into account, both from a cost and timing standpoint, BEFORE submitting a 2009 Initial Application. The total amount of annual tax credit available for allocation to developments proposed in 2009 Initial Applications may be as little as \$8,500,000, which will be further reduced depending on the additional amount of 2009 tax credits made available to exchange developments that originally received tax credits in 2006 or 2007. It is not clear whether the amount of the non-profit set aside is to be calculated based on the total amount of new 2009 tax credit available, without excluding the amount of 2009 tax credit that may be "monetized", regardless, this will affect the amount of 2009 tax credit available for other types of developments. Given the reduced amount of 2009 tax credit available, staff is considering a recommendation to modify, to up to \$965,000, the amount of tax credit available for each set-aside in the 2009 QAP, except for the non-profit set aside and the set aside for permanent supportive housing for the homeless. <p>Given the current uncertain nature of TCAP requirements, we urge applicants who are considering submission of a 2009 Initial Application to take the above information into account in preparing a 2009 Initial Application. We recognize that some of the above items require amendments to the 2009 QAP, which will be pursued, but which may not occur prior to the May 1 Initial Application deadline. We expect that specific details will need to be reconsidered, modified, or updated as additional information becomes available, but staff is committed to providing information to the developer community in a timely fashion.</p> | | | <p>March 20, 2009 Memo: The THDA Board approved the following changes to the 2009 LIHTC process:</p> <ol style="list-style-type: none"> Only eligibility and scoring materials are required on the May 1, 2009 deadline for submitting new 2009 competitive LIHTC Initial Applications (the remaining "underwriting" information will be required later, hopefully in light of federal guidance). The items required to be submitted by the May 1, 2009 deadline will be specified in the 2009 Initial Application to be posted to THDA's web site at www.thda.org; All applications under the 2009 QAP (e.g. competitive, noncompetitive, exchange) are eligible for a basis boost of up to 130%; All applications under the 2009 QAP will use the higher tiers of per low-income unit caps associated with location in a QCT/DDA; The 2009 Exchange Reservation Fee is the greater of \$1,000 or 5.0% of the additional annual credit amount; and Final Applications will not be processed prior to THDA's receipt in full of the Compliance Monitoring Fee. |

| | TCAP (gap finance) | Exchange Program | Pipeline | Other |
|-------------------|---|--|--|--|
| Texas | Question Presented:How will the above referenced ARRA section apply during the tax credit award process in Texas considering the statutory limitations on the tax credit program?Short Answer:Applications submitted in the 2009 Tax Allocation round will be eligible for consideration by the Governing Board for the possible award of grant dollars in exchange for allocated tax credits. Only applications submitted by February 27, 2009 may be considered in this round. No other awards would be available unless following the allocation round there are remaining unexpended funds. | Sited after July awards | | Want to see indicators and investors to step-up. http://www.tdhca.state.tx.us/recovery/ |
| Virginia | April 2, 2009 Memo from VHDA: Each tax credit applicant may apply for both TCAP funds and Credit Monetization funds in the 2009 tax credit round. Applicants may structure their application assuming: 1. 40% of their tax credit request will be exchanged for \$.85 per \$1.00 of exchanged credits, and 2. up to \$3.4855 of TCAP funds per \$1.00 of requested tax credits is available to fill any gap in the financing of their proposed development. Such funds would be made available to the development after the developer syndicates the development and 10% of the syndicator's funds are invested in the tax credit partnership. Any 2007 and 2008 competitive tax credit developments that have not closed their tax credit syndication and wish to exchange their credit allocation have two options: (i) re-compete for tax credits in the 2009 round with access to TCAP funds, or (ii) request an exchange of their 2007 or 2008 allocations for credit monetization funds in an amount not to exceed the lesser of (x) \$.85 per \$1.00 of credit or (y) the tax credit equity amount shown in their allocation application. Any 2007 and 2008 competitive tax credit developments that have closed their tax credit syndication still have the option of re-competing for additional credits without applying for TCAP funds and Credit Monetization funds. Due to the unique nature of tax credit pricing in 2008, the reservation fee on any 2007 and 2008 competitive tax credit developments that re-compete in 2009 will only be assessed on any increase in the amount of credits reserved above the amount of credits already allocated to the applicant's development. Except for any Credit Monetization funds made available to 2007 and 2008 tax credit developments described above, applications in the 2009 tax credit competitive round will have priority for TCAP funds and Credit Monetization funds. Any funds remaining after finalizing the 2009 competitive round will be made available to other eligible developments, including tax-exempt bond financed developments, under a separate competition yet to be developed. Developer fee for applicants seeking these funds (TCAP or Exchange) will be limited to a maximum of \$10,000/unit. | | | Forum at VHDA on April 14, 2009 Delayed competitive round to May 15th 4/14 forum to discuss proposed changes |
| Washington | We understand developers, investors, and others are interested in how the WSHFC will implement these provisions. However, there are many more unknowns and issues to resolve than with the HERA legislation enacted last summer. Some of the questions related to timing and availability of funds will need to be answered by federal agencies before we can establish policy. The best guidance we can provide at this time is to continue to seek equity for funded projects and do not delay any pending equity closings due to this legislation. | | 22 stalled projects, 8 of which are 2007 | stakeholders met to share what has been learned and to gather input. Agency considering issuing loans instead of grants for TCAP - waiting for federal guidance |
| Wisconsin | From WHEDA: we anticipate the criteria will incorporate both QAP criteria including set-asides and scoring as well as readiness-to-proceed criteria. WHEDA first intends to offer gap financing options to leverage resources, enhance developments strength and encourage continued investment from new and traditional syndicator and investor arrangements. To that end, all applicants will be first offered a gap financing option. Grants will be used to fill financing gaps created by reducing permanent loans or credit price slippage. Grants will be sized to increase permanent debt coverage ratios to 1.25 and/or absorb depressed credit prices to a floor of \$.60. Participants will be required to assume all federal funding requirements as mentioned above (i.e. Davis-Bacon) will be enforced and must provide a revised sources and uses statement clearly indicating the additional funds estimated for inclusion. Developments with unclosed LIHTC allocations from 2007 and 2008 will have first priority. WHEDA will provide specific guidance on our website relating to selection/priority criteria, term sheet and process once final guidance has been published. | WHEDA may allow developments that cannot find traditional tax credit equity the ability to be funded with a direct grant from WHEDA's exchange credit proceeds. However, participants must be able to demonstrate to WHEDA's satisfaction that they are unable to secure a traditional LIHTC investor, even with WHEDA's gap financing. WHEDA will provide guidance for applying for direct grants on an individual basis. Direct grants will be sized to the most recent credit application's stated need. Restrictions on Regulatory Agreement are expected to include, but not limited to, staged developer fee payment, cash flow split of 50/50, sponsor guarantees, 12 month reserve to be held by WHEDA, residual sale restrictions, modified land use restriction agreements, project scope, | | |

This table is a working draft of state agency responses to the Exchange and TCAP provisions of ARRA. Much of what is in the table is directly copied from information released by the state agency. This draft is continuously updated as states release new information.

The Trust will continue to revise and update the information in this table.

If you have additional or more recent information, please contact Tracy Kaufman at: tkaufman@nhtinc.org or 202-333-8931 ext. 129