2006 Low-Income Housing Tax Credit Application Instructions

The application for low-income housing tax credits is a spreadsheet application. The tax credit application is on Microsoft Office Excel 2003. Attempts to complete the application on earlier versions of Excel may create errors in the application. The majority of the cells in the application are "read only" cells and cannot be changed. All cells that require input from the applicant can be accessed. Do not change, or attempt to change, any "read only" cells or the application will be rejected. Do not enter formulas in any cells.

Submit one paper copy of the application, utilizing the colored tabs provided by the Tax Credit staff, with original signatures and one copy either on a disk or via e-mail. The disk should not contain any other files or information, only the application file. The paper copy of the application and all attachments must be two-hole punched with oversized holes at the top of the page and bound by an Acco-type fastener. The application may be sent to applicants on a disk or through e-mail.

The worksheets are labeled at the bottom of the screen by individual tabs. The worksheets should be completed in the order they are listed. A blue line indicates the cell in which information is required in each worksheet. Red triangles indicate a comment with instructions for completing a particular cell. Missing information will result in incorrect calculation of credit. Specific information, such as the name of the city or county in which the development is located, must be spelled correctly. "Yes" and "No" answers to questions asked in the application such as: "Is the Site properly zoned?" must be marked with an "X".

APPLICATION FEE

This worksheet will calculate the appropriate fees based on the type of application submitted by the applicant. No input is required by the applicant. The calculations will not be correct unless the "Annual Credit Amount" worksheet is completed. The correct fee amount must be submitted with the application. For Final Applications this worksheet also includes the Compliance Monitoring fee.

DEVELOPMENT SUMMARY

This worksheet will populate automatically. The applicant does not enter data into this worksheet.

MISSING INFORMATION

This worksheet will inform the applicant of any minimum underwriting criteria that is not met and any missing or incomplete application information. Scroll completely through this worksheet to cell A137 to view any information that is missing.

If any items are indicated regarding underwriting critirea or missing application information, **DO NOT SUBMIT THE APPLICATION**!

DEVELOPMENT INFORMATION

Starting at the top of the worksheet is a space for 'project number'. That space is completed by CHFA staff. After project number, the type of application and the date submitted must be indicated. The choices are Preliminary Application, Carryover Application and Final Application. Only one of these choices must be indicated. Any information that changes between the submission of the Preliminary application and Carryover or Final must be reflected. However, the applicant ONLY has to re-enter information in those sections of the application that have changed.

Preliminary Application - This selection applies to both the competitive (typically the 9% tax credit) and the non-competitive (developments financed with private activity bonds) application process.

Carryover Application - For the competitive process the applicant MUST indicate whether or not the applicant is locking the applicable percentage rate at the time of carryover. Therefore, either "Yes" or "No" must be marked with an "X". If "Yes" is marked then the month and year of the lock-in date must be indicated.

Final Application - For the competitive process the applicant must include the month and year of the placed-in-service date. Also, the designation that was made at carryover regarding the lock-in of the applicable percentage must remain indicated.

The non-competitive process does not include a carryover application. The non-competitive applicant may, however, lock in the applicable percentage at the time that the private activity bonds are sold. If this choice is made, the non-competitive applicant must indicate "Yes" under the carryover designation regarding the lock-in and must indicate the month and year that the bonds are sold. If this choice is not made, the non-competitive applicant must indicate "No" under the carryover designation regarding the lock-in. In either case, the applicant must indicate the month and year of the placed-in-service date. Include the Election of Applicable Percentage Rate in the Election of Applicable Percentage Rate tab of the application.

Following the type of application, the applicant must indicate the current month's Applicable Percentage Rate for the 30% Net Present Value credit (4% credit) or the 70% Net Present Value credit (9% credit). A link is provided to obtain the current month's APR.

Lines A. through N. - The information requested here is self-explanatory. Please note that missing or incomplete information will result in both incorrect credit calculation and scoring calculation.

Further instructions for Line N.:
The following programs are considered "Federal Assistance" for purposes of this application: Rural Development Section 515, FHA Insurance (221(d)(3), 221(d)(4) or Risk-Sharing), Tax Exempt Bond Financing, Project-based Section 8, McKinney Act programs, Federal historic tax credits, Community Development Block Grant, HOME, HOPE VI. If any of these programs are used mark "YES" in response to the question "With Federal Assistance?".

Non-competitive applicants must indicate "Tax Exempt Bond Financing" under the column describing the types of programs and financing that apply to the development.

If "Historic Rehabilitation Tax Credits" are indicated a prompt will appear for the applicant to indicate the type of historic credit. Type in "State" for both state and local historic credits. If the historic credits are federal another prompt will appear for the applicant to indicate the amount of federal historic credit.

Line P. – Total units in cell C110 must equal the total units in the "Unit Mix & Rents" worksheet. A prompt will appear if, after the "Unit Mix & Rents" worksheet has been completed, those numbers do not match.

If HOME funds are indicated a prompt will appear regarding the structure of the HOME funds.

DEVELOPMENT BUDGET (for Residential Development Costs Only)

Budget numbers must be entered under column D of this worksheet, indicated by blue-colored numbers. Columns A, B, C, E, F and G are "read only", though selected cells in these columns are not "read only' and may be changed by the applicant. These are:

> Cells marked "Other" in Column B under the cost categories
> Cells E71 & F71 that correspond to Tax Credit Fees
> Cells E72 & F72 that correspond to Compliance Fees

For non-competitive applicants, a prompt will appear if the development does not meet the 50% aggregate basis test. Ignore this prompt until the "Development Financing" worksheet is completed.

For Final Applications only: In the Development Budget worksheet is the "Final Certification for Uses of Funds". This is to be completed by the development owner for Final Applications only.

COMMERCIAL BUDGET

This applies to both competitive and non-competitive applications. Any development that contains a retail or commercial component must complete this worksheet. Include the Commercial Budget in the Development Budget tab of the application.

DEVELOPMENT FINANCING

All applications must include an equity factor (cents on the dollar purchase price for the tax credits). For the preliminary application enter $.85 for the federal equity factor, unless there is a letter of interest from a syndicator or investor with a stated equity factor. For the carryover application there MUST be executed entity documents that clearly identify the terms of the equity commitment, including the equity factor and the equity pay-in schedule. Include the letter of intent or the entity documents in the Development Financing tab of the application.

For the preliminary application the proposed terms for financing must be provided on financial institution letterhead and signed by an institution representative for both construction and permanent financing. The terms of financing must include the loan amount, the interest rate, the term of the loan and, for permanent financing, the amortization period and the institutions minimum required debt coverage ratio. The same information is required at the time of the carryover application but must be in the form of an "enforceable commitment" as defined in Section II.B. of the Allocation Plan.

Permanent Financing - All preliminary and enforceable financing commitments must be included in the Development Financing tab of the application. Include loans, grants, deferred fees and owner equity. Non-competitive applicants must put the PAB-financed mortgage information in Line 1 under "Permanent Financing".

Lines 1-8 are for loans only. The source of financing, the amount of the loan, the interest rate, the term of the loan and the amortization period MUST be included. The worksheet will then automatically calculate annual debt. Incorrect or incomplete information will result in an incorrect tax credit calculation and incorrect pro forma calculation.

The application that you have downloaded will already have the words "cash flow" entered in the "Amortization" column. Replace these words with the amortization period in years for loans that will have monthly debt service payments. Leave the words "cash flow" if the loan is to be paid out of development cash after expenses OR if there are no loans in the corresponding lines.

Line 9 is for the deferred developer fee. Line 10 is for owner equity from sources other than through the sale of the low-income housing tax credits. Proceeds from the sale of any other type of tax credit (historic credits), if applicable, should be entered here.

Lines 11-17 are for grants only. If the grants are structured as loans they should be entered in lines 1-8.

After all loans, owner equity and grants are listed, the worksheet will automatically calculate the total amount of funds from sources other than through the sale of tax credits. This amount will be used in the Gap Calculation on the "Annual Credit Amount" worksheet.

Below the total amount of funds the worksheet will calculate the tax credit proceeds. This number will not be correct until the "Unit Mix & Rents" worksheet is completed by the applicant.

After the "Unit Mix & Rents" is completed by the applicant return to this worksheet to verify that "Total Funds for Development" equals "Total Development Budget". **These two numbers must be equal.**

For Final Applications only: In the Development Financing worksheet is the "Final Certification for Source and Amount of Funds". This is to be completed by the development owner for Final Applications only.

Exhibit D is a sample document for the CHFA requirements regarding enforceable financing commitments. The letter may be in the lender's format but it must be on the lending institution's letterhead and it must contain the required information. Include this letter in the Development Financing tab.

Exhibit E is a sample document for the CHFA requirements regarding equity commitments from syndicators/investors. The letter may be in the syndicator/investor format but it must be on the institution's letterhead and it must contain the required information. Include this letter in the Development Financing tab.

UNIT MIX & RENTS

The income table for the county in which the development is located is calculated at the top of this worksheet. The name of the county must be entered in the "Development Information" worksheet in order for the income table to be accurate.

After the income table the applicant must enter the utility allowances for the appropriate bedroom sizes. Utility Allowance documentation must be included in the Unit Mix & Rents tab of the application.

For the Rental Income Table that follows the utility allowances, the applicant must enter the unit square footage in column D, the number of units in column E and the actual rent in column J. These columns, as well as column C, are the only cells in the worksheet that are not "read only".

Include Employee units in the low-income units if the intent is to have employees be low-income eligible. Otherwise, include them in the Employee unit category.

After the number of units, unit square footage and units rents are entered, enter the common space square footage in cell D135 and commercial square footage, if any, in cell D138.

After the number of units, the unit square footage and the rents are entered, the worksheet will calculate the applicable fraction to be used in the tax credit calculation.

Exhibit F is a sample document for the CHFA requirements regarding the agreement with the public housing authority (PHA). The letter may be in the PHA's format but it must be on the authority's letterhead and it must contain the required information. The agreement must be signed and dated by both parties and a copy must be included with the application in order to receive points. Include this letter in the Utility Allowance tab of the application.

Exhibit G is a sample document for the CHFA requirements regarding the agreement with agencies for referral of clients that need special needs housing. The letter may be in the agency's format but it must be on the agency's letterhead and it must contain the required information. The agreement must be signed and dated by both parties and a copy must be included with the application in order to receive points. Include this letter in the Utility Allowance tab of the application.

DEVELOPMENT INCOME

The applicant must enter miscellaneous monthly income and any annual retail/commercial income on this worksheet. The worksheet will then calculate annual gross income to be used for the 15 year pro forma. Include the Development Income in the Income/Expenses tab of the application.

DEVELOPMENT EXPENSES

The applicant must enter estimated annual operating expenses; assume that lease-up has occurred. Include the Development Expenses in the Income/Expenses tab of the application.

15 YEAR PRO FORMA

The calculations in this worksheet will not be correct unless the following worksheets have been completed:
Development Financing
Unit Mix & Rents
Development Income
Development Expenses

All cells are "read only' except those corresponding to fees or cash flow notes that are listed after "Cash flow available for distribution".

CONTRACTOR/DEVELOPER FEE LIMITS

There is one input cell in this worksheet that must be completed to correctly calculate the allowed contractor and developer fees.

The applicant must indicate whether or not there is an identity of interest regarding the general contractor by answering "Yes" or "No" to the question "Identity of Interest". "Identity of Interest" is defined in Section II.G. of the Allocation Plan. After this question is answered the worksheet will calculate the maximum allowable fees. If the budgeted fees exceed the allowable fees the amount by which the fees are exceeded will be automatically calculated and that amount will be deducted from eligible basis.

If any of the two fee categories are exceeded, a prompt will appear to indicate the total amount of eligible basis reduction. If neither of the two fee categories is exceeded, a prompt will appear that indicates that the fees are within the CHFA limits.

ANNUAL CREDIT AMOUNT

This worksheet displays the three calculations that are made to determine the eligible annual federal tax credit amount for the development. The three calculations are:
      1) Qualified Basis Calculation
      2) Gap Calculation
      3) Basis Limit Calculation

The applicant is not required to input any information on this worksheet.

All preceding worksheets must be completed in order for the tax credit calculation to be correct. The annual federal tax credit amount is listed at the bottom of the worksheet.

DEVELOPMENT SCORING

The Development Scoring worksheet is the worksheet for calculating the scoring for the development. The calculations for scoring in this worksheet will not be accurate unless the following worksheets have been completed:

Development Information
Unit Mix & Rents

Line 1. of the Primary Selection Criteria - Either A. or B. must be selected. After A. or B. is selected the worksheet will calculate the scoring related to low-income targeting of the development.

Line 2. of the Primary Selection Criteria - Indicate with an "X" the extended low-income use of the development. Select only one of the five choices. The score will be automatically calculated.

Line 1. of the Secondary Selection Criteria - Housing Needs Characteristics. The scoring for this section is automatically calculated by the worksheet. The "Development Information" worksheet must be completed for the scoring to be accurate.

The applicant must enter selections on lines 2-6 of the Secondary Selection Criteria. Mark the appropriate selections with an "X". The worksheet will calculate the score for each of these sections. The total score will be calculated automatically and displayed in the box following Line 6. - Subsidized Housing Waiting Lists. Documentation for each selection must be included in the "Scoring" tab.

NON-PROFIT QUESTIONNAIRE

The Non-Profit Questionnaire must be completed by all non-profit applicants and included in the Development Scoring tab of the application.

If the space provided by the row of blank lines is insufficient, enter "see attached" and attach the appropriate information.

APPLICANT INFO-DEVELOPMENT TEAM

The Applicant Info-Development Team must be completed by all applicants. Information that is not yet determined at the time of preliminary application must be determined by the time of carryover application for competitive applicants and by the time of final application for non-competitive applicants.

If, for example, the general contractor has not been selected the applicant must enter "TBD" (for "to be determined") on the line for entering the name of the general contractor. If "TBD" is entered then all other information regarding the general contractor may be left blank. Otherwise, all information requested must be completed.

If the space provided by the row of blank lines is insufficient, enter "see attached" and attach the appropriate information.

APPLICANT CERTIFICATION

This worksheet is the signature page for the application and must be completed for all types of applications: Preliminary, Carryover or Final Application. This section must contain original signatures.

OFFICIAL NOTIFICATION

Notification of Local Official: The information requested here is self-explanatory.
Notification of Local Housing Authority: The information requested here is self-explanatory.
The Official Notification must be completed by all applicants and included in the Applicant Certification tab of the applicantion.

10% TEST FOR CARRYOVER

This worksheet is completed for Carryover Applications only. Column F, "Actual Incurred Costs" must be completed by the applicant.

FINAL BUILDING PROFILE

For each building the cells in the following rows must be completed, starting with Column G for the first building: rows 3, 4, 5, 6, 8, 10, 11, 17, 19; for New Construction - row 23; for Rehabilitation – row 28; and for Acquisition – rows 33, 39 and 40.

The square footage and unit counts on the Final Building Profile must be the same as those listed on the Unit Mix & Rent worksheet. A message will appear, starting on row 58, column A, if square footage and unit counts on Final Building Profile are not the same as those listed on the Unit Mix & Rent worksheet.

UPDATE

This worksheet contains information that changes on an annual basis, such as the currently available income limits, cost limits, applicable percentages, etc. This worksheet will be updated as the information becomes available and the updated application will be sent to each applicant.

QCT-DDA CALCULATION - QCT & DDA

This is the current list of Qualified Census Tracts and Difficult-to-Develop Areas. Developments located in a QCT or DDA are eligible for a 130% increase in qualified basis. See "Development Information" worksheet, Cell C26.

C1 & C2 TABLES

The C-1 & C-2 tables are used to calculate scoring under section IV.B.1. of the Allocation Plan. The scores from the C-1 & C-2 tables are automatically calculated in cell E74 & E78 of the "Development Scoring" worksheet after cells C24 and F24 of the "Development Information " worksheet are completed.

COUNTY MEDIAN INCOME

The county area median incomes are used to calculate scoring under section IV.B.1. of the Allocation Plan. The score is automatically calculated in the "Scoring" worksheet after cell F24 of the "Development Information " worksheet is completed and either cell B8 or B19 of the "Scoring" worksheet is checked.

BASIS LIMITS

These limits are automatically calculated on the "Annual Credit Amount" worksheet after the name of the county is entered on the "Development Information" worksheet and after the "Unit Mix & Rents" worksheet is completed.

RENT & INCOME LIMITS

The rent and income limits are automatically calculated in the "Unit Mix & Rents" worksheet after cell F24 of the "Development Information " worksheet is completed and the "Unit Mix & Rents" worksheet is completed.

CHFA LOAN BUDGET

This worksheet will populate automatically. The applicant does not enter data into this worksheet. This information will be shared internally if the applicant has indicated permanent financing through CHFA.

DOH & DENVER HNDS BUDGET

This worksheet will populate automatically. The applicant does not enter data into this worksheet. This information will be shared externally if the applicant has indicated permanent financing through the Colorado Division of Housing or Denver HNDS.