

Low income housing tax credit reservations

Notice of policy change

In the last year or so, in response to the declines in the pricing of tax credit equity, HCR had granted waivers to its policy regarding tax credit reservation deadlines. As investors have returned to the market and generally increased their pricing levels throughout the state, HCR is now returning to prior policy that does not allow for an extension of tax credit reservation deadlines except in very limited circumstances as provided in Section 2.04.04.E of the Capital Programs Manual.

HCR will provide a transition period for projects whose original tax credit reservation expired in 2010. In order to avoid a permanent expiration of a reservation, project sponsors must by December 15, 2010 submit a complete request for a Binding Agreement, or other substantive documentation, demonstrating the ability to close on construction financing by January 31, 2011. Awardees who intend to meet these requirements should contact their respective project manager by October 29th to begin the process.

Projects must meet HCR's 2010 tax credit pricing targets of \$.87 in downstate markets (NYC, Long Island and Westchester) and \$.77 in upstate markets, or otherwise bridge any financing gaps through actions that do not require additional HCR resources. Projects that cannot meet these pricing targets must document their recent, active efforts to secure commitments from tax credit syndicators/investors; exceptions will only be considered based on the location or size of the project. To the extent project sponsors achieve tax credit pricing in excess of these thresholds, and thereby require a reduced allocation of LIHC or lowered subsidy amount, HCR will award extra scoring points to any application submitted for 2011.

Awardees that cannot close by January 31, 2011, and meet the terms and conditions of their reservation, are encouraged to reapply for HCR's 2011 Unified funding round. No further reservation extensions will be provided for these projects.