

GOVERNOR'S OFFICE OF HOUSING DEVELOPMENT

NOTICE OF FUNDING AVAILABILITY (NOFA)

State Housing Fund (SHF) Gap Financing for tax credit projects competing in the 2002 Low-Income Housing Tax Credit (LIHTC) Round

The Governor's Office of Housing Development, announces the availability of a limited amount of State Housing Funds (HOME and/or Housing Trust Funds) to serve as gap financing for projects competing in the 2002 LIHTC round. Up to \$2 million in funds has been set aside to provide gap financing for certain low-income housing tax credit projects.

Who is eligible?

- Units of local government, including cities, towns and counties
- Tribal governments, tribally designated housing entities, and housing authorities
- Public Housing Authorities
- Regional Council of Governments
- Non-Profit Agencies. Agencies must hold valid documentation from the Internal Revenue Services (IRS) of non-profit status.

For profit corporations are not eligible to apply on their own. However, they may apply in partnership with any of the applicants listed above.

Which projects qualify?

State Housing Funds are available for **gap financing** only. To be eligible, projects must meet the following criteria:

- The project must be classified as a 'priority project' and/or be eligible for the non-profit or rural set-asides. Priority Projects are outlined in section 1.3.3.1 of the *2002 LIHTC Qualified Allocation Plan (QAP)*.
- All project costs must be within the LIHTC cost caps?
- The project has maximized tax credits (based on eligible basis)?
- The project has maximized all private financing?
- Due to extremely low-income targeting, the project is infeasible without an additional public subsidy.

To determine the amount of State Housing Funds needed, projects will be jointly underwritten and a layering analysis performed. **If the requests for gap financing exceed \$2Million, all applications may not be funded.**

How do you apply for these funds?

Applicants must submit a *State Housing Fund Application Supplement* at Tab C behind Form C within their LIHTC applications, which are due by due April 1st. An additional application fee of \$1000 must accompany the SHF Application. *State Housing Fund Application Supplements* will be made available after February 12, 2002 to applicants who submit a completed copy of the materials request form attached to this NOFA (note: materials must be requested in writing.) Applicants interested in applying for State Housing Funds to supplement a tax credit project in the 2002 LIHTC Tax Credit Round or future competitive rounds should *not* apply through the regular State Housing Fund application process and any applications submitted through this process will not be accepted.

Match/Leverage Requirement:

There is no minimum match or leverage requirement.

more on reverse

Funding Limits

The maximum limit of SHF available per project is \$400,000. A single applicant (this includes the entire development team) is not eligible for more than \$500,000 in any 12-month period from the SHF for projects within Maricopa and/or Pima County. Only applicants proposing projects in rural areas may request a waiver to exceed the \$500,000 cap. (Note: This includes all requests to the State Housing Fund, either outside of or within the tax credit round).

Current Recipient Expenditure Requirements

Recipients with current contracts and/or who are holding reservations for SHF must meet certain thresholds on the expenditure of current reservations prior to applying for any new funding, including funding for a new tax credit project. These thresholds are explained in detail at **2.5.2 – Current and Past Recipient Expenditure and Compliance Requirements** in the *State FY2002 State Housing Fund Program Summary and Application Guide*.

Local Governmental Review

Governmental entities applying for State Housing Funds must adopt a resolution. For all other applicants, the State, during the period of review, will contact the local governmental entity in which the project is located. In such instances, the State will notify the local governmental entity of the application and provide them a certain period of time in which they may object to the use of State Housing Funds for this purpose within their jurisdiction. The State may decline to fund any application with State Housing Funds if the local government is opposed. Applicants are therefore advised to contact the local government prior to applying for State Housing Funds in order to foster their support.

How will a decision be reached regarding whether or not State Housing Funds are provided?

If a gap is identified that the Department considers appropriate to be filled with State Housing Funds, applications will receive a commitment concurrent with the LIHTC commitment, provided the applicant is able to meet the State Housing Fund Program Thresholds **and** provided there is enough funding available. A list of required thresholds is published in Chapter 5 of the *State FY 2002 State Housing Fund Program Summary and Application Guide*. Should requests for State Housing Funds exceed the amount available then those applicants that meet the State Housing Fund Program Thresholds will be funded **in the order of the LIHTC scores**. In order of highest scoring, applicants will receive reservations of State Housing Funds until the funding is exhausted, *therefore, it should not be presumed that a successful LIHTC application in need of gap financing will be guaranteed State Housing Funds*.

IMPORTANT NOTE:

State Housing Funds are federal or state funds that carry its own regulatory, statutory and policy requirements separate from any allocation of Low-Income Housing Tax Credits. Therefore applicants who are interested in this source of gap financing must educate themselves regarding that program. Applicants are urged to study Chapters 1 and 5 of the *State FY 2002 State Housing Fund Program Summary and Application Guide* for information on program requirements. A copy of this publication can be obtained by completing the attached materials request form.

For more information contact:

Cindy Coen, Rental Housing Programs Manager
Governor's Office of Housing Development
3800 North Central Avenue, Suite 1200
Phoenix, AZ 85012
Telephone: (602) 280-1365 Facsimile: (602) 280-1470

Title II of the Americans with Disabilities Act prohibits discrimination on the basis of disability in the programs of a public agency. Individuals with disabilities who need the information contained in this publication in an alternate format may contact us at (602) 280-1365 or our TDD number (602) 280-1301 to make their needs known. Requests should be made as soon as possible to allow sufficient time to arrange for accommodation.

(Revised 2-26-02)