

# ALASKA HOUSING FINANCE CORPORATION

## FY 2009 STIMULUS FUNDS APPLICATION

### TAX CREDIT ASSISTANCE PROGRAM (TCAP)

### SECTION 1602 “CASH ASSISTANCE” IN LIEU OF LOW-INCOME HOUSING TAX CREDITS

#### Overview and General Applicable Provisions

On February 17, 2009, President Obama enacted the American Recovery and Reinvestment Act. Included in this act were two provisions related to the Low-income Housing Tax Credit (LIHTC) program: the Tax Credit Assistance Program (TCAP) and the Section 1602 “Cash Assistance” in Lieu of LIHTCs (hereinafter referred to as “Section 1602 funds”).

**This application is limited in scope to the open projects with an existing award of LIHTCs from 2008 and 2009. Applications will only be accepted for TCAP and Section 1602 funds.**

All funds awarded through this application process will compel the award recipient to comply with all applicable laws, rules, regulations, statutes, reporting, and compliance monitoring mandated by the relevant funding resource. These include the American Recovery and Reinvestment Act of 2009, CPD Notice 09-03, 24 CFR 58.5, Section 42 of the Internal Revenue Code, and all other authorities applicable, both present and forthcoming through future guidance related to Section 1602 funds and TCAP funds, but not listed here.

In the event that awards are made through this application process, all commitments previously made by the eligible applicants in their initial proposals remain will remain in effect.

In order to be eligible to apply for TCAP and / or Section 1602 Funds, your application must be submitted to Alaska Housing Finance Corporation no later than July 22, 2009 at 4:00 P.M. Application materials must be submitted via email to [ddelfino@ahfc.state.ak.us](mailto:ddelfino@ahfc.state.ak.us). **Applications submitted via email must be 10 MB or less, per email, and contain a scanned application form containing the applicant’s signature as well as an FY 2009 Stimulus Funds Workbook.**

**FY 2009 Stimulus Funds Application Form  
Tax Credit Assistance Program (TCAP)  
Section 1602 “Cash Assistance” in Lieu of Low-income Housing Tax Credits**

**SECTION I. SUMMARY INFORMATION**

<b>Applicant Name &amp; Mailing Address:</b> Name: _____ Address Line 1: _____ City, State Zip: _____, _____ _____		<b>Contact Person Information:</b> Name: _____ Title: _____ Phone: _____ FAX: _____ Email: _____	
<b>Applicant Type:</b> <input type="checkbox"/> Non-Profit Organization <input type="checkbox"/> CHDO <input type="checkbox"/> For-Profit Developer <input type="checkbox"/> Individual <input type="checkbox"/> Regional Housing Authority <input type="checkbox"/> Other: _____		<b>Applicant’s Tax ID#:</b> _____ <b>Project Name:</b> _____ <b>Project City:</b> _____	
	<b>“1st Choice” Scenario: Amount Requested</b>	<b>“2nd Choice” Applicant willing to accept if no 1<sup>st</sup> Choice</b>	
Tax Credit Assistance Program (TCAP)	\$	<input type="checkbox"/> yes <input type="checkbox"/> no	
Section 1602 “Cash Assistance” in Lieu of Low-income Housing Tax Credits (Total amount of equity requested)	\$	<input type="checkbox"/> yes <input type="checkbox"/> no	
Total of all Stimulus Funds requested	\$		
To maximize the number of applications which can be funded and / or to most efficiently allocate the resources available, AHFC may offer applicants one or more of the above funding sources. However, awards may be delayed if all required information for that funding source is not provided.			
<b><i>Applicant’s Section 1602 “Cash Assistance” in Lieu of Low-income Housing Tax Credits Statement:</i></b> If applying for, or willing to accept Section 1602 funds, by signing the below application, the applicant authorizes AHFC to reduce, or completely eliminate, any existing award of low-income housing tax credits to the project listed on this application. The determination of how many LIHTCs remain in the project will be left to AHFC’s sole discretion. Once the authorization has been given to adjust, or completely eliminate, the existing LIHTC award, any adjustment to the existing LIHTC award, or elimination thereof, will not be subject to appeal under 15 AAC 154.220.			
<b>Applicant’s Statement:</b> <i>To the best of my knowledge and belief, all of the information contained in this application and attachments is true and correct, and the activities proposed in this application have been duly authorized by the governing body of the applicant.</i>			
Type Name of Authorized Representative:		Title of Authorized Representative:	
Signature of Authorized Representative:		Date Signed:	

## **SECTION II. SPECIAL FUNDING REQUIREMENTS**

The TCAP and Section 1602 funds carry with them a number of special reporting requirements, compliance monitoring provisions, asset management responsibilities, and special implications due to the uncommon circumstances surrounding the likely requests for these funds.

Two noteworthy implications from accepting TCAP and / or Section 1602 funds are noted in the space below. Please note: the below text is not meant to serve as an exhaustive list of special funding requirements related to the TCAP and / or Section 1602 funds.

### **Asset Management**

Even in cases where a substantial equity investor presence remains in the project, AHFC will still be required under the TCAP and Section 1602 funds provisions to perform asset management functions.

If asset management functions will be performed by an investor with a substantial equity presence, these asset management services can satisfy AHFC's asset management requirement so long as the asset management status reports are made available to AHFC. If the investor is performing asset management functions, but is unwilling to provide AHFC with the status reports related to the asset management, AHFC may require separate asset management for the project to meet its statutory obligations. If it becomes necessary for AHFC to perform asset management or to retain a separate asset management entity for the project, AHFC reserves the right to require reimbursement from the project sponsor for the cost(s) associated with the required asset management services for the project.

### **Substantial Equity Investor Presence**

Determining whether or not a substantial equity investor presence remains in the project will be left solely to AHFC.

### **Projects without Substantial Equity Investor Presence**

In cases where no substantial equity investor presence remains in the project, AHFC may require the project sponsor to engage the services of a syndicator services firm selected by AHFC. AHFC currently has a Request for Proposals advertized for syndicator services. If the project sponsor is required to engage the syndicator services under these circumstances, the costs for these syndicator services will be included in the award review completed for TCAP and / or Section 1602 funds and used to size the appropriate gap based on cost increases necessitated by the stimulus funding. If engaging these syndicator services is a condition of funding, the project sponsor will be responsible for paying the syndicator services firm directly.

If no substantial equity investor presence remains in the project, AHFC will require the project sponsor to engage the asset management services of any syndicator services firm selected through the RFP process currently underway. In the event that no syndicator services firm proposal is chosen through the RFP process currently underway, AHFC may perform the asset management directly or retain an asset management firm to perform asset management functions for the project; the project sponsor will be responsible for reimbursing AHFC for these costs.

**SECTION III. SCORING CRITERIA**

**1. Project Completion Schedule (2 points)**

(Check one)     Yes (2 points)             No (0 points)

The project will be completed by February 16, 2012.

**2. TCAP Funds Requested as Loans (5 points)**

(Check one)     Yes (5 points)             No (0 points)

The project is requesting TCAP funds as a loan with scheduled payments during the first 15 years of project operations.

**TCAP Loan Detail (Only applicable if answering "Yes" to #2)**

*Please provide detail in the space provided below regarding your TCAP loan request*

1. Will the entire TCAP loan amount be paid out of cash flow from the project's operations?

Yes             No

If the answer to Question #1 is Yes, this repayment expectation must be demonstrated in the FY 2009 Stimulus Funds Workbook accompanying this application.

If the answer to Question #1 is No, please answer Question #2.

2. If the TCAP funds are being requested as a loan, and all or a portion of the TCAP funds are not expected to be repaid from cash flow, please provide details in the space below regarding how the loan will be repaid: \_\_\_\_\_

**Please Note:** If additional materials are necessary to supplement the response to question #2 above, please provide these with your application materials as well as any relevant narrative / summaries / workbooks that will help clarify your request. If questions arise regarding repayment terms, or reasonable expectation thereof, AHFC will require additional information.

**Equity Investor Commitment (10 points)**

(Check one)     Yes (10 points)             No (0 points)

The project has received an equity commitment from an investor.

**SECTION IV. DEMONSTRATION OF “GOOD FAITH EFFORTS” TO OBTAIN EQUITY INVESTMENT – REQUIRED FOR ALL APPLICANTS**

Please provide information regarding efforts made to obtain equity investment in the traditional market place. Provide this information even if the project has secured an equity commitment. If more than six firms were contacted, copy and paste the sections below as appropriate.

**1. Contact Person Information:**

Name of Investor / Syndicator: \_\_\_\_\_

Name of person contacted: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_

FAX: \_\_\_\_\_

EMAIL: \_\_\_\_\_

When did the contact occur? \_\_\_\_\_

How was communication handled with the Investor / Syndicator? Please check all that apply:

Phone       Letter       Email

What length of time did the correspondence period run? \_\_\_\_\_

What outcome was communicated from the Investor / Syndicator regarding the request for investment equity? \_\_\_\_\_

**2. Contact Person Information:**

Name of Investor / Syndicator: \_\_\_\_\_

Name of person contacted: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_

FAX: \_\_\_\_\_

EMAIL: \_\_\_\_\_

When did the contact occur? \_\_\_\_\_

How was communication handled with the Investor / Syndicator? Please check all that apply:

Phone       Letter       Email

What length of time did the correspondence period run? \_\_\_\_\_

What outcome was communicated from the Investor / Syndicator regarding the request for investment equity? \_\_\_\_\_

**3. Contact Person Information:**

Name of Investor / Syndicator: \_\_\_\_\_

Name of person contacted: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_

FAX: \_\_\_\_\_

EMAIL: \_\_\_\_\_

When did the contact occur? \_\_\_\_\_

How was communication handled with the Investor / Syndicator? Please check all that apply:

Phone       Letter       Email

What length of time did the correspondence period run? \_\_\_\_\_

What outcome was communicated from the Investor / Syndicator regarding the request for investment equity? \_\_\_\_\_

**4. Contact Person Information:**

Name of Investor / Syndicator: \_\_\_\_\_

Name of person contacted: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_

FAX: \_\_\_\_\_

EMAIL: \_\_\_\_\_

When did the contact occur? \_\_\_\_\_

How was communication handled with the Investor / Syndicator? Please check all that apply:

Phone       Letter       Email

What length of time did the correspondence period run? \_\_\_\_\_

What outcome was communicated from the Investor / Syndicator regarding the request for investment equity? \_\_\_\_\_

**5. Contact Person Information:**

Name of Investor / Syndicator: \_\_\_\_\_

Name of person contacted: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_

FAX: \_\_\_\_\_

EMAIL: \_\_\_\_\_

When did the contact occur? \_\_\_\_\_

How was communication handled with the Investor / Syndicator? Please check all that apply:

Phone       Letter       Email

What length of time did the correspondence period run? \_\_\_\_\_

What outcome was communicated from the Investor / Syndicator regarding the request for investment equity? \_\_\_\_\_

**6. Contact Person Information:**

Name of Investor / Syndicator: \_\_\_\_\_

Name of person contacted: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_

FAX: \_\_\_\_\_

EMAIL: \_\_\_\_\_

When did the contact occur? \_\_\_\_\_

How was communication handled with the Investor / Syndicator? Please check all that apply:

Phone       Letter       Email

What length of time did the correspondence period run? \_\_\_\_\_

What outcome was communicated from the Investor / Syndicator regarding the request for investment equity? \_\_\_\_\_

## SECTION V. PROJECT PRO-FORMA (FEASIBILITY)

All applicants will be required to complete the FY 2009 Stimulus Funds Workbook (SFW). Custom workbooks will not be accepted for the feasibility review. The SFW must be submitted electronically with the other application materials.

The feasibility of the project will be reviewed based on the information provided in the SFW. However, the subsidy available through this application process will be limited to the following:

- 1) Decreases in equity generated from the sale of LIHTCs from the time of the last award review.
  - a) If the equity price for awarded credits has fallen since the most recent award review, AHFC will calculate the difference in equity based on the existing credit award and the sales price noted in the SFW
  - b) If no investor is expected to buy credits, enter a zero in the equity price field in the SFW. AHFC will use the equity price assumed in the most recent award review and the current amount of credit allocated to determine the decrease in anticipated equity.
  - c) If an investor or developer will purchase a small portion of the existing LIHTC award to satisfy the conditions outlined in Section VI, please exclude the following from the SFW
    - i) The transaction costs listed in Section VI
    - ii) The amount of LIHTCs listed in Section VI
    - iii) The equity price listed in Section VI
  - d) If an investor or developer will purchase a small portion of the existing LIHTC award to satisfy the conditions outlined in Section V, please keep the LIHTC allocation fee, compliance monitoring fees, and any asset management fees included in the SFW. These are transaction costs that will remain in effect, even in the absence of actual LIHTCs in the project.
  
- 2) Increased costs associated with compliance of the TCAP and / or Section 1602 funds

**Please Note!!!!** A new worksheet has been added to the FY 2009 SFW for you to document cost increases resulting from the anticipated receipt of stimulus funds. When completing the Total Development Cost tab, **ONLY** indicate the values for the respective line-items without the implications of stimulus funds. On the Stimulus Cost Increases worksheet, **only document the additional costs** to the line items listed in the Total Development Cost worksheet that will be mandated to comply with the stimulus funds and / or costs that were not previously listed in the Total Development Cost worksheet that are now required to comply with the stimulus funding requirements.

**IMPORTANT:** The costs identified in the Stimulus Cost Increases worksheet will be added into the Total Development Cost worksheet. Please review your workbook carefully to avoid double-counting.

- a) Increased costs associated with compliance of the TCAP and / or Section 1602 funds may include such items as:
  - i. Costs associated with performing Environmental Reviews required under TCAP
  - ii. Costs associated with complying with federal Davis-Bacon wages

- iii. Costs anticipated by AHFC that will become necessary to comply with any Syndicator Services required as a condition of funding
  - 1) In the event that Syndicator Services are required by AHFC, AHFC will use the highest cost estimate provided by the syndicator firm in the feasibility review. In the event that the Syndicator Services contract comes in under cost, AHFC reserves the right to adjust the final disbursement of funds awarded through this application downward to account for the cost savings associated with this service requirement.
- iv. All other cost increases to the project that are not listed in this section that are the direct result of receiving TCAP and / or Section 1602 funds.

- 3) Known gaps that existed at the time of the previous award review
  - a) These amounts are still available to AHFC and can be confirmed upon request.

## SECTION VI. CREDIT FLOOR

In the event that the majority of LIHTCs are removed from the project, TCAP funds require that a portion of LIHTCs remain in the deal that are either sold to an equity investor or used by a developer. If TCAP funds are allocated to your project, and the majority of LIHTCs are removed, sufficient equity will need to be generated from the sale of the remaining LIHTCs to cover the transaction costs of the LIHTC sale, plus \$200.

If the above circumstance applies, or may apply, to your project, please answer the following two questions. Before answering the below questions, please review Section V(1)(c-d).

- 1) What are the anticipated transaction costs related to the sale of LIHTC that will be sold to an investor or used by the developer? \_\_\_\_\_
- 2) What amount of LIHTCs (10-year amount) will the investor or developer purchase?  
\_\_\_\_\_
- 3) What price will the investor or developer pay for the LIHTCs? \_\_\_\_\_

Please Note: The answers to questions #2 and questions #3 must support that a sufficient amount of equity will be generated to cover the costs identified in question #1, and then provide at least \$200 in additional equity to the project.

## SECTION VII. DEVELOPMENT SCHEDULE

<b>Development Schedule:</b> Indicate the proposed timeline for major milestones of development progress.		
Development Activity	Scheduled Completion Date (MM/YY)	Completed At Time of Application (Yes or No)
<b>SITE:</b>		
Site Control Secured		<input type="checkbox"/> Yes <input type="checkbox"/> No
Phase I Environmental Review Complete		<input type="checkbox"/> Yes <input type="checkbox"/> No
Zoning Approvals Obtained (if necessary)		<input type="checkbox"/> Yes <input type="checkbox"/> No
Site Purchased		<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>PLANS AND SPECIFICATIONS:</b>		
Architect Selected		<input type="checkbox"/> Yes <input type="checkbox"/> No
Engineer Selected		<input type="checkbox"/> Yes <input type="checkbox"/> No
Schematic Designs/Working Drawings Complete		<input type="checkbox"/> Yes <input type="checkbox"/> No
Local Building Code Review Complete		<input type="checkbox"/> Yes <input type="checkbox"/> No
Final Plans and Specifications Complete		<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>PERMANENT FINANCING :</b>		
Permanent Financing Application Submitted		<input type="checkbox"/> Yes <input type="checkbox"/> No
Permanent Financing Commitment Received		<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>INTERIM FINANCING:</b>		
Construction/Rehab Loan Application Submitted		<input type="checkbox"/> Yes <input type="checkbox"/> No
Construction/Rehab Loan Commitment Received		<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>CONSTRUCTION/REHABILITATION:</b>		
Contractor Selected		<input type="checkbox"/> Yes <input type="checkbox"/> No
Construction/Rehabilitation To Begin		<input type="checkbox"/> Yes <input type="checkbox"/> No
Construction Complete		N/A
<b>POST DEVELOPMENT:</b>		
Permanent Loan Closing		<input type="checkbox"/> Yes <input type="checkbox"/> No
Rent-Up Period (month/year est. to reach sustaining occupancy)		<input type="checkbox"/> Yes <input type="checkbox"/> No