

2009 LIHTC Application – Equity Notice

DSHA is requiring **all** applications submitted for the 2009 LIHTC application round to use an equity factor of **\$0.72 (net)** as the tax credit equity contribution amount. LIHTC applications submitted in the 2009 round must be financially feasible using the \$0.72 equity factor assumption **without** making use of the 30% State Eligible Basis Boost.

Each application must include a letter from syndication firms indicating the assumed equity factor that has been presented to the sponsor.

For projects that are ranked the highest in the 2009 LIHTC round and are able to achieve an equity rate of \$0.72, DSHA will re-evaluate the project's financing gap, if any, and need for State resources during underwriting at the viability, commitment and pre-closing stages. Awards of tax credits and/or Housing Development Fund or HOME funds may be reduced or increased based on this gap analysis.

In the event a sponsor believes that its project will receive an equity factor rate that is greater than \$0.72, the proforma should still reflect an equity rate of \$0.72. Sponsors may include the additional equity expected above \$0.72 as leverage funds (**see Leveraging of Non-DSHA Administered Resources** in the 2009 Qualified Allocation Plan).

For projects that are successful in the round and later experience equity shortfalls because they are unable to achieve \$0.72 net equity, DSHA will consider increasing the tax credit eligible basis and tax credit allocation using the 30% State Eligible Basis Boost to support the project's financial feasibility. This decision will be made in DSHA's sole discretion during underwriting at the viability, commitment or pre-closing stage. The project ranking must remain substantially the same as initially calculated by DSHA.

Please note all other requirements, limits, procedures, etc. of the QAP remain unchanged.