

Tax Credit Assistance Program
Description of Competitive Selection Criteria
Hawaii Housing Finance and Development Corporation

June 17, 2009 (FINAL)

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009. This new law provides for enhancement programs to the Low Income Housing Tax Credit ("LIHTC") Program in an attempt to move along affordable housing projects that may have stalled due to the recent downturn in the financial markets.

The Tax Credit Assistance Program ("TCAP") is intended to provide gap capital investments in LIHTC projects. TCAP has a total appropriation of \$2.25 billion, of which Hawaii is eligible for up to \$9,861,610. Hawaii Housing Finance and Development Corporation ("HHFDC") will be responsible for management of Hawaii's TCAP program. TCAP funds must be fully expended by the program expiration date of February 16, 2012.

A. Eligible Projects:

1. Projects that received an Award of Federal LIHTC from HHFDC between October 1, 2006 and September 30, 2009.
 - a. A project is considered to have an "Award" of LIHTC once its LIHTC Binding Agreement or Reservation Letter is fully executed and accepted by HHFDC and the LIHTC Good Faith Deposit is paid in full.
2. Submission of a written request no later than **July 10, 2009** requesting TCAP funds. Requests should include the additional information listed in section D below.
3. Projects requesting TCAP must commit to expend 75% of TCAP funds by February 16, 2011 and 100% of TCAP funds by February 16, 2012.
4. Projects cannot have changed materially since receiving their LIHTC award, as determined by HHFDC in its sole discretion.

B. Eligible Use of TCAP Funds:

1. Capital investment for costs that are included in a project's "eligible basis" under Section 42 of the Internal Revenue Code.

C. TCAP Selection Criteria:

1. TCAP Funds will be awarded competitively pursuant to HHFDC's 2009/2010 Qualified Allocation Plan ("QAP").
2. Applicants will also be scored on additional criteria to evaluate the project's ability to expend TCAP funds by February 16, 2012. The additional criteria are as follows:
 - a. Expenditure of TCAP Funds Preference:
 - Commit to 100% Expenditure of TCAP Funds by February 16, 2012 (2 points)
 - Commit to 100% Expenditure of TCAP Funds by February 16, 2011 (5 points)
 - b. Environmental Assessment Preference:
 - Satisfaction of Federal Environmental Review (5 points)
 - Satisfaction of State Environmental Assessment (5 points)

- c. Construction Readiness Preference:
 - Project receipt of zoning approvals (201H) or evidence of compliance with existing zoning (3 points)
 - Project receipt of subdivision approval or evidence that subdivision approval is not needed (3 points)
 - Evidence that construction work does not require foundation permit (2 points)
 - Evidence that construction work does not require building permit (3 points)
 - Project receipt of foundation permit (2 points)
 - Project receipt of building permit (3 points)

- d. Developer Experience with Federal Funds Preference:
 - Evidence experience with working with requirements for Federal Funds: i.e. "cross cutting" requirements including Davis Bacon, Federal Environmental Review, lead based paint, etc. (3 points)

D. Application Process:

1. To the extent possible, HHFDC (at its sole discretion) will use information from the project's existing Consolidated Application.
2. Written requests for TCAP funds shall include the following (**do not** use or resubmit the Consolidated Application when requesting TCAP funds):
 - a. Narrative explaining any changes to the project (changes cannot be material, as determined by HHFDC in its sole discretion).
 - b. Narrative explaining any change to any project budget line items (changes cannot be material as determined by HHFDC in its sole discretion).
 - c. Detailed timeline for development or acquisition/rehabilitation once funding is secured.
 - d. Revised project budget.
 - e. Revised project sources and uses.
 - f. If applicable, Federal and State Environmental Assessments.
3. HHFDC reserves the right to request additional project information that it may require.

E. Redistribution of TCAP Funds:

If a project owner fails to comply with the milestones included in the written agreement, including committing or expending TCAP funds timely, HHFDC will assess whether the delay will affect its ability to meet the TCAP deadlines and take necessary steps to redistribute the funds to a more deserving project. HHFDC will maintain a list of qualified TCAP applicants and will negotiate with the next available applicant for the use of the funds. In the event that the list of qualified applicants is exhausted, HHFDC will seek additional applications through a second funding round to utilize remaining TCAP funds.