

“TCAP / Exchange Program” Frequently Asked Questions #2

1. Where is the application for the TCAP / Exchange Program located?
 - A. Currently the agency is requesting the developers to submit the Stimulus Spreadsheet for review. Details regarding the required application will be forthcoming.

2. Does the Gap Analysis Form determine eligibility or is it simply a prerequisite for the application?
 - A. The analysis is part of the process and will be used in tandem with the required application for funding.

3. Would the unavailability of sufficient TCAP funds, for a viable and feasible project with construction cost increases currently covered by deferred developer fee, result in the voluntary return of the original tax credits?
 - A. The Agency will continue to assess the availability of other resources to cover financing gaps caused by a reduction of funding resources as a result of the financial credit crisis that caused a project to no longer be feasible or viable. For projects with gaps caused by increased development costs, the agency will review on a case-by-case basis the prospects of the project's feasibility and viability without additional financial resources.

4. If a project only wants to monetize its previous LIHTC reservation, what is the process?
 - A. The Agency is currently working through the monetization process and further detail will be forthcoming.

5. Can a project monetize its previous LIHTC reservation and receive TCAP capital funds?

A. Yes; however, see answer to question #4.

6. On page 2 of the Stimulus Spreadsheet the signature box contains the following language: “If sufficient TCAP funds are not available to the Louisiana Housing Finance Agency (the "Agency") to reserve or allocate to the Project by July 8, 2009 the Original Credits will be deemed voluntarily returned in accordance with applicable Treasury Regulations by the Taxpayer as of July 8, 2009”. Please clarify the Agency’s intent as stated above?

A. See question 3 above. It was the Agency’s intent to encourage developers to seek ever possible means for fund prior. The agency hereby rescinds the last sentence of the Taxpayer certification.

7. Is the Agency’s QAP rule permitting \$2000 per unit of reserves as part of the development cost budget affected by the infusion of TCAP Funds or Treasury Sub- Grants.?

A. At this time the answer to the question is subject to further guidance from HUD and Treasury. However, it would appear that reserve funds could not be funded with TCAP funding without further specific ruling from HUD. The use of Treasury sub-grants may be allowed but the Agency will await further guidance from Treasury.

8. Are 4% Bond Projects eligible for TCAP Funding?

A. Yes

9. Is it the Agency’s intent in this initiative to provide TCAP assistance to deals with “Efficient” Syndication only? If so, what about those deals with “Inefficient” Syndication?

A. The Agency does not plan on filling gaps in projects with “inefficient” syndications in the current reprocessing under the 07/08 QAPs that qualify for the Treasury Exchange Program. Unfortunately, inefficient GO Zone Credit transactions are without relief until the Agency is able to persuade Treasury to reverse its opposition to exchanging “returned” GO Zone Credits for Treasury Funds.

10. Would a project qualify for TCAP funds that do not have the environmental clearance requirement but however is able to provide the agency with a Phase I Environmental Site Assessment?

A. The Agency currently is requiring all projects being reprocessed under the 07/08 QAPs to complete an environmental assessment by June 26, 2009. A Phase I Environmental Site Assessment is not sufficient for an award of TCAP Funds in connection with a reprocessing under the 07/08 QAP; however, TCAP Funds are also available under the 2009 QAP. TCAP Funds will be awarded to projects competing for such Funds in conjunction with the award of the 2009 Credits at the September meeting of the Agency’s Board of Commissioners.

11. Which electronic application will the reprocessing be submitted on? Will there be a reprocessing fee?

A. The program allows for participation of projects with 2007 and 2008 allocations. Consequently, reprocessing applications must be submitted on the 2007/08 electronic application corresponding to the project’s location in the GO Zone or outside of the GO Zone.

12. Will the Environmental Clearance disqualify deals from participating in the TCAP program?

A. If a project has not already obtained its environmental clearance or will not obtain clearance by the timeline established for the program, no TCAP funds may be awarded.

13. Will projects that have not received their “notice to proceed” able to participate in the TCAP program?

A. Yes, but see answer #12.

14. Will GO Zone projects once ranked for the TCAP funding; automatically receive the de minimus award of credits? If so, from what pool of credits will the per capita credits be awarded?

A. Yes. The tax credits will come from the 2009 ceiling and will be a de minimis allocation of the per capita credits available in 2009.

15. On the last page of your memorandum, it states that the initiative is not intended to allow any changes in the project’s design, unit mix, selection criteria or increase the total development cost as reflected in the last review of the project by the Agency. Will the agency consider allowing such changes as allowed by the QAP under the current reprocessing / material change provision?

A. Yes.