2009 QAP: Frequently Asked Questions
As of May 21, 2009

1. In regards to page 22, section g: If you have HOME funds in the project and you three units as HOME units, why would you require all the other units be held to the fair market rents (FMR), in which case the FMR would be lower than the tax credit units? This may limit you to rents at 40% only and make the project not feasible.

   A. The lower of Fair Market Rents or Tax Credit Rents are used for underwriting all units unless there is a project-based operating subsidy available for all or a portion of the units in a project.

2. If I make the application based on the assumption that the project will receive monetized credits and it does not, then the project is not feasible and viable. Conversely, if I make the application based on a syndication value of 60 cents and you can monetize the credits the project would be over sourced.

   If 800,000 in credits are monetized at .80 then the syndication proceeds are 6,400,000. The same 800,000 at .60 would only have 4,800,000. I could build an additional 16 units. The applications would represent two entirely different projects. The same is true, to a similar but lesser degree, with the uncertainty of whether a project will receive a 30% bump in credits.

   These are two things which we need to know before the application is made and not after. Otherwise the only prudent thing to do would be to make multiple applications on each piece of property utilizing the different combinations of credits and syndication proceeds. That doesn't serve anyone well especially the staff, who would have to review them.

   A (i) Developers submitting applications should underwrite the project's equity investment with the expectation of equity based upon the credit multiple offered by a syndicator commitment included in an application. No project is assured or guaranteed that the Agency will provide any Treasury Funds to the Project; however, for application purposes, a Taxpayer may not request Treasury Funds exceeding the monetized value of credits needed as if a syndicator offered a credit multiple per credit dollar of eight (8).

   A (ii) If a project is not located in a QCT or DDA as defined in Section 42 of the Internal Revenue Code or in an area designated by the QAP to qualify for a 30% basis boost, the developer may request an increase in basis to establish feasibility and viability of a project with the additional equity generated by the basis boost.. The Agency will consider the basis boost only as required and as recommended by the Agency's credit underwriter.