

Tax Credit Assistance Program (TCAP) Plan

Projects that are eligible to receive TCAP funding are those that have received an “award of tax credits”. New Hampshire Housing Finance Authority (Authority) defines an “award of tax credits” as projects that have applied for low income housing tax credits (LIHTC) in 2008 and 2009 under the procedures set forth in the appropriate Qualified Allocation Plan (QAP), and that have scored competitively and received either a 2008 Carryover Allocation or a 2009 reservation of LIHTC.

TCAP funds were made available from the American Recovery and Reinvestment Act (ARRA) that was signed into law by President Obama on February 17, 2009. The purpose of the law was to jumpstart the failing economy. In addition, TCAP funds allocated under ARRA were also made available in order to address the declining LIHTC equity market. As such, all TCAP funds will be treated as if they were traditional LIHTC equity used only to supplant the loss or reduced amount of equity made to a project.

Since the primary focus of ARRA is to immediately create and save jobs, priority will be given to projects that can demonstrate an immediate readiness to proceed. The Authority has always recognized the importance of a project’s readiness to proceed. Under the “Advanced Projects” scoring category of the existing QAP, the Authority awards points for: the level of site control; completion of Environmental and Market Study reports; grant and soft loan commitments; percentage of construction plans completed; appropriately zoned sites with no variances or special permits needed; site plan approval; and prior phases of a project that have already been approved, or are currently under construction. A total of 36 points may be awarded under this category, which represents 17% of the total potential points that could be achieved under the QAP.

In an effort to further underscore the importance of readiness to proceed and to meet the spirit and intent of ARRA in the disbursement of TCAP funds, the Authority will double the points normally available to applicants under the NH 2009 QAP scoring criterion #8, Advanced Projects. With this supplemental TCAP scoring, applicants can receive a maximum of 72 points in this category.

In addition to the priority accorded to readiness to proceed within the Advanced Project scoring category of the QAP, the project selection criteria established by the Authority for the award of tax credits also gives priority and weighted percentage of the QAP to the following:

- Project Impact (10%);
- Family Units (17%);
- Income Targeting (2%);
- Service Enriched Housing (10%);
- Neighborhood or Community Improvement (10%); and
- Green Development (12%).

Because only 40% of New Hampshire's allocation of 2009 LIHTCs can be monetized under the credit exchange provisions of ARRA, it is vital that several 2009 projects receive traditional equity investments. To that end, the Authority will award an additional 50 points in the 2009 LIHTC Round 2 competition for projects that will syndicate, i.e. place their credits with a third-party equity investor. After receiving a 2009 award of tax credits, projects wishing to proceed to the development phase will be assessed a non-refundable project commitment fee of \$5,000, which will then be credited toward the normal LIHTC and capital subsidy fees as enumerated in the NH 2009 QAP. Developers will have 30 days from the date of tax credit reservation to provide sufficient evidence that they can go to a closing with their equity investor in an acceptable time frame or the Authority may retain the commitment fee and rescind and reallocate the tax credit reservation.

ARRA establishes deadlines for the commitment and expenditure of TCAP funds that requires the Authority to give priority to projects that are ready to proceed. ARRA requires that the Authority:

- Commit not less than 75% of its TCAP grant within one year of the laws enactment, or by February 16, 2010;
- Demonstrate that all project owners have expended 75% of its TCAP grant within two years of the laws enactment, or by February 16, 2011; and
- Expend 100% of its TCAP grant within three years of the law's enactment, or by February 16, 2012. The Authority will give a priority to projects that can achieve this final deadline date in the expenditure of TCAP funds.

The award of TCAP funds will be determined solely by the Authority in accordance with this TCAP plan. The total amount of TCAP funds made available to a project will be determined solely by the Authority in accordance with its Underwriting Standards for Multi-Family Finance and based on an equity investment rate that corresponds to prevailing syndication market rates.

Project owners that receive TCAP funds will be required to enter into a written agreement with the Authority. The written agreement will set forth all the TCAP program and crosscutting federal requirements. The TCAP written agreement must be signed and dated by the Authority and the project owner before any TCAP funds are disbursed. The Authority will specify a schedule for the expenditure of TCAP funds within the written agreement and outline the circumstances under which TCAP funds will be recaptured if the project owner fails to meet the schedule. In an effort to properly manage the strict restrictions on drawing and expending TCAP funds imposed under ARRA, the Authority will provide construction financing unless a project has an existing construction loan commitment or when there are other compelling circumstances. Construction loans will be offered at rates and terms in accordance with the Authority's Construction Loan Program for Rental Housing.

The Authority is responsible for redistributing its TCAP funds to ensure compliance with the commitment and expenditure deadlines. If a project owner fails to expend TCAP

funds in a timely manner, the Authority will assess whether the delay will affect its ability to meet its TCAP deadlines, and take the necessary steps to redistribute the funds to a more deserving project. The more deserving project will be the next highest ranking project scored in accordance with our QAP. The more deserving project must demonstrate to the Authority its ability to proceed with development in a timely manner. The Authority reserves the right to recover reasonable fees incurred as a result of having to redistribute TCAP funds. The Authority and TCAP recipients will enter into an agreement detailing the schedule for project construction. The agreement will detail recourse for failure to maintain the schedule for completion, including the potential withdrawing credit reservations for failure to achieve satisfactory progress.

To ensure maximum transparency of process and outcome, the Authority will post on its website a narrative description of the NH TCAP plan, explaining the competitive selection criteria for awarding TCAP funds to eligible projects. The website will also provide quarterly updates of the following information:

- The total amount of TCAP funds received;
- The amount of TCAP funds expended or obligated to projects or activities, including unobligated balances;
- A detailed list of all projects or activities for which TCAP funds were expended or obligated, including:
 - ✓ The name of the project;
 - ✓ A description of the project;
 - ✓ An evaluation of the completion status of the project; and
 - ✓ An estimate of the number of jobs created and the number of jobs retained by the project