

# ARRA Low Income Housing Tax Credit Program

## Tax Credit Assistance & Section 1602 Programs

Oregon Housing and  
Community Services  
Mariana Negoita  
LIHTC Program Manager  
503-986-0968



**What We Do  
Matters!**



# Introduction

- American Recovery & Reinvestment Act signed into law February 17, 2009
  - Tax Credit Assistance Program
  - Tax Credit Exchange Program (section 1602)
- Oregon Housing and Community Services designated to receive and deploy these programs
  - Both programs target the Low Income Housing Tax credit program
  - OHCS to define program parameters and apply for the funding to HUD (TCAP) or US Treasury (1602)

# TCAP & 1602



- Tax Credit Assistance Program-- TCAP
  - \$27,343,971 funds to be awarded to eligible projects that received an award of LIHTC between October 1, 2006 and September 30, 2009
- Tax Credit Exchange Program –Section 1602
  - \$29,638,269 resulting from the exchange or 40% of 2009 per capita authority
  - PLUS, 100% of returned 2008 credits

# TCAP Federal Requirements



- National Environmental Policy Act
- Section 504 of the Rehabilitation Act
- Davis Bacon Prevailing Wages
- Fair Housing Act
- Title VI of the Civil Rights Act of 1964
- The Age Discrimination Act of 1975
- Affirmatively Furthering Fair Housing
- Lead Based Paint Poisoning Prevention Act
- Anti-lobbying restrictions, Drug Free workplace, OMB regulations & Circulars

# Section 1602 Federal Requirements



- 2008 & 2009 per capita credits may be exchanged by OHCS, if available and returned by sponsors to OHCS
- OHCS to make subawards to qualified low-income buildings under Section 42
- Subawardees must demonstrate “good faith efforts” to garner an investment commitment
- Allocations must occur by 01/01/2011 – unused funds go back to Treasury

# OHCS Plans



- Apply for TCAP for the entire award and meet both commitment and expenditure requirements
- Make the final determination as to whether a project's gap will be funded with TCAP, Section 1602 funds or any combination of these resources and OHCS resources, including OHCS bonds.



# **Tax Credit Assistance Program**

## **Definition of AWARD**

## **Competitive Selection Process and Criteria – Subject to Public Comment**



# Program Definitions

- Award – receipt of a letter from the Department offering to reserve credits.
- Stalled Project – A project with an offer to reserve credits whose capital investment has been stalled for reasons other than construction cost overruns
- Non Material Error – an error that does not affect the decision to award TCAP or 1602
- Commitment – the date an agreement is executed between Sponsor and OHCS to commit ARRA gap funding





# **OHCS General Eligibility for TCAP & 1602**

- Projects which hold an offer of credits and have not completed or are requesting IRS form 8609
- Projects whose partnership agreements have not closed;
- Projects that now experience a financing gap and may or may not have an investor interested in the tax credits
- Has not materially changed from the original application
- Can meet expenditure and completion deadlines

# TCAP Award Process



- Self scoring
- Certifications as provided by OHCS
- Documentation supporting the points attributed
- OHCS will validate points were eligibly attributed, if not OHCS will reduce
- OHCS will not award additional points if not initially claimed by the applicant

# Competitive Selection Criteria



- OHCS Priorities Test
    - 20 points
  - Readiness Test
    - 100 points
  - Sponsor Capacity and Community Impact Test
    - 30 points
- TOTAL 150 Max. points

# OHCS priorities



- 10 points each
  - Preservation of existing housing with an existing federal contract for project based rental assistance (25% of the project or more)
  - Maximization of resources through the use of the OHCS Bond program



# Readiness Test

- Investment Availability (20 points)
  - Either:
    - TCAP – project has an investor OR,
    - Section 1602 – project does not have an investor
- Lender Availability (20 points)
  - Appraisal ordered, timeline of construction and perm lender funding



# Readiness Test cont'd

- Shovel Readiness (50 points)
  - Permits
  - Construction contract
  - HUD requirements met (DB, NEPA, Sec. 504)
- All Other Funding Certification (10 points)
  - Funding remains in place

# Sponsor Capacity and Community Impact Test



- 10 points each
  - Project timeline is not impeded by unresolved legal action –certification
  - Project sponsor/owner's time is not expended on a foreclosure or default of another property
  - Sponsor certifies to its ability to manage low income housing projects

# Tie Breakers



- Greatest number of units with project based rental subsidy
- An award of credits that predates all other awards





Thank you for your attendance.

Session is open to receive public comment on  
the TCAP Competitive Selection Criteria.