

2009 Tax Credit Program

Bulletin # 3

March 19, 2009

Changes/Deletions/Clarifications to the 2009 Low-Income Housing Tax Credit Manual:

Change

The Tax Credit Manual, Page 7, State HOME Funds, Section b) was revised on February 4, 2009 to read as follows:

“The maximum state HOME award any one (1) development can request is \$700,000. These awards will be available as deferred loans with a one half percent (½%) interest rate and a term of no longer than thirty (30) years. Both principal and interest will be deferred for thirty (30) years”.

This section is hereby changed to read as follows:

“The maximum state HOME award any one (1) development can request is \$900,000. These awards will be available as deferred loans with a one half percent (½%) interest rate and a term of no longer than thirty (30) years. Both principal and interest will be deferred for thirty (30) years”.

Note: Refer to the HUD 221(d) Subsidy Limits exhibit provided in the HOME Addendum to ensure compliance with the maximum HOME subsidy per unit limits.

Change

Tax Credit Manual, Page 18, Syndication Information- The following language is added:

The Authority has determined from communication with various syndicators that the current appropriate equity pricing for tax credit developments in South Carolina is in the 65¢ -70¢ per dollar range. Based on this current pricing information, the Authority will limit the syndication equity factor to a **maximum of 70¢** when underwriting for financial feasibility and in determining the tax credit award. Proposals may be submitted representing a lower syndication equity factor and the lower factor will be utilized for underwriting unless the proposed equity factor is determined by the Authority to be unreasonable.

Applicants seeking to utilize syndication equity pricing higher than 70¢ in the Tier Two application will be allowed to do so, **if and only if**, an executed binding syndication agreement and fully executed partnership agreement is provided with the Tier Two application submission.

General Notification:

The American Recovery and Reinvestment Act (the "Act") was signed into law on February 17, 2009. The Act created two new sources of funding for affordable housing. The first is a Tax Credit Assistance Program ("TCAP"), which provides direct funding assistance to eligible tax credit projects. The second is a tax credit exchange program (Monetization Program), which allows states to substitute a cash grant in place of the project's tax credits in an amount of up to 85% of the credits. The Authority is currently waiting for guidance and procedures from HUD on the TCAP funds and The Treasury Department for the Monetization Program and does not know when specific guidance will be provided or when the funds will be available. Upon receipt of the guidance, the Authority will act quickly to establish guidelines for the administration of both TCAP and Monetization Program funds.

It is the Authority's intent to use these new sources of funds first to assist the 2007 and 2008 funded tax credit developments. Therefore, it should be understood that any development submitted for funding consideration in the 2009 tax credit application cycle should be able to underwrite and be financially feasible as proposed and be able to meet all Authority imposed tax credit deadlines for starting construction and project completion without further financial assistance from the Authority.