



Texas Department of Housing and Community Affairs

Summary of Board Action on September 4, 2008 Relating to the Implementation of HR 3221 in the Texas Housing Tax Credit Program

On September 4, 2008 the Board adopted policies revised from the September 3, 2008 Board meeting on Agenda Item 2 "Presentation, Discussion and Possible Action on Recommendations to Implement the Housing and Economic Recovery Act of 2008, HR 3221, and to Address Credit Pricing Reductions for Housing Tax Credit Awards that Have Not Yet Placed in Service." This summary supercedes all other summaries provided on this Board action. The Board's action included:

I. Relating to the Allocation of New Credits and Application of the 9% Credit

- 1. 2007 Awards that Have Not Closed.** All 2007 competitive awards that have not closed as of September 3, 2008 will be allocated additional credits from the 2008 ceiling based on an evaluation of their developments utilizing the gap method and allowing for new syndication pricing letters and a 9% rate applied to qualified basis. No new cost documentation will be submitted and no additional underwriting evaluation will occur. As a technical clarification this would include all awards made in 2007 that have not yet closed, whether allocated from the 2007 or 2008 ceiling (as forward commitments).
- 2. 2007 Awards that Have Closed and 2008 Awards.** All 2007 competitive awards that have already closed as of September 3, 2008 and all 2008 awards have the opportunity to submit specific evidence for reevaluation if they want consideration for additional credits.
 - Evidence will only include new sources and uses and the final debt and equity as closed if applicable.
 - The deadline for submission of this evidence to the Department is September 26, 2008.
 - Any possible consideration of additional allocation or assistance for these awards will be considered at the November 13 Board Meeting.
 - 2008 awards will be required to submit their Commitment Notice and Fee, along with their Carryover, no later than November 1, at the date the amnesty period ends (this waives the QAP requirement that the Commitment Notice must be submitted within 10 days of its issuance).

II. Amendments. 2007 awards that are in need of amendments to help cost engineer their developments are strongly encouraged to submit these so that they may be considered at the November and/or December Board meetings.

III. \$1.2 Million Cap per Transaction. The Board has waived this rule of the QAP for award years 2007 and 2008 relating to the possible increase of credits. Awards are not limited by the \$1.2 million cap per application nor are they limited by the original application request.

IV. Application of the Statutory \$2 Million Cap per Applicant. The \$2 million cap on applicants will be applied to the year of the ceiling of the additional credits awarded - in the case of 2007 awards given 2008 credits the additional credit allocation would count towards the \$2 million test in 2008. If awards are given 2009 credits the additional credit allocation would count towards the \$2 million test in 2009.

V.10% Test Deadline. The Board approved that for existing 2008 and 2009 awards the 10% test deadline will be moved to December 1 (11 months from allocation). For 2008 and 2009 the requirement would indicate that applicants who submit their 10% test by June 1 can get points in the following year to help incentivize them to stay on track.

VI. Site Control. The Board approved that the requirement to purchase the site will be moved from carryover to the 10% test, as long as the applicant still can show site control, as defined in the QAP, at carryover.

VII. Amnesty. The Board created an amnesty period that allows any previously awarded applications to return their credits without being penalized for point deductions in future competitive rounds (currently the QAP indicates that if an applicant returns credits after they have received a Carryover allocation, they will have a point reduction of 20% the following year). The amnesty period begins September 3, 2008 and closes on November 1, 2008. Credits returned after November 1, 2008 will have the penalty applied. If new credits are allocated to 2007 applications, any applicant that pays the commitment fee for their allocation but then chooses before the end of the amnesty period to return their credits, will be eligible for a refund of their commitment fee for the new additional credit amount.

VIII. The timeline is as follows:

September 4	Amnesty Period Begins for all previously awarded transactions
September 15-19	2008 Transaction Commitment Notices sent
September 18	For 2007 non-closed transactions New Syndicator Letters Due to Dept. (new prices & ability to accept credits)
September 26	For 2007 closed transactions and 2008 awarded transactions new sources and uses and debt/equity as closed (for 2007) may be submitted
October 1	Staff Releases Commitment Notices reflecting the Additional Allocation for 2007 non-closed transactions
November 1	1) Amnesty Period Ends for all previously awarded transactions 2) Commitment Notices and Fee due for 2008 transactions
November 1	Carryovers Due (no longer including site control)
November 13	Board meeting to consider and possibly approve: 1) credit increases for 2007 closed transactions 2) credit increases for 2008 transactions 3) 2008 action from waiting list if applicable 4) 2007 amendments for cost engineering, and 5) Forward Commitments