



Date: January 3, 2013  
To: 2013 LIHTC Applicants  
From: Multifamily Housing Group  
Re: Announcement Regarding the 2013 LIHTC Program

This memo provides updated guidance for applicants in the 2013 LIHTC Program regarding the 9% LIHTC percentage, WHEDA's HFA Basis boost policy and other frequently asked questions.

The H.R. 8 American Taxpayer Relief Act of 2012 was passed by both the Senate and the House and is expected to be signed by President Obama soon. This law extends the 9% LIHTC percentage rate for all LIHTC Competitive Credit allocations made before January 1, 2014. Therefore, WHEDA is issuing the following guidance for 2013 LIHTC Competitive Credit applicants:

1. Competitive Credit applicants should use 9% (not the floating Credit rate) when preparing 2013 applications.
2. WHEDA's 2013 HFA Basis Boost policy shall be:  
Applicants in the 2013 Competitive Credit Cycle applying under the Rural and Supportive Housing Set-Asides may assume up to a HFA Boost of 20%. Applicants in all other Set-Asides may assume up to a HFA Boost of 15%, in order to make their project financially feasible. These Boost percentages will apply whether a project is located in a QCT or not. Applicants should be aware that a higher boost request can have a negative impact on scoring in the Credit Usage category. WHEDA may adjust Credit downward at any point in the application process in order to be in accordance with the IRS requirement that no more Credit shall be allocated than needed for project feasibility.
3. See attached for other frequently asked questions regarding the 2013 LIHTC program.

Questions may be directed to your WHEDA Senior Underwriter, or Bill Boerigter - Manager, Multifamily Portfolio & Credit.

**WHEDA**  
**2013 LIHTC Program**  
**Frequently Asked Questions**  
**Revised January 3, 2013**

Q: What should applicants use for Credit pricing assumptions in their 2013 applications?

A: Any value between 84 cents and 92 cents.

Q: What should applicants use for permanent loan terms/rate in their 2013 LIHTC application?

A: Use WHEDA's then-published LIHTC Perm rate with 30 year amortization. However, an applicant may use other more aggressive terms (lower interest rate, longer amortization etc.) if a term-specific, executed financing commitment accompanies the application.

Q: Scoring - Category 18, Employment Centers. What is the definition of "family or workforce housing" developments? Can an elderly project score in the Employment Center sub-category?

A: These points do not apply to elderly projects/units, nor RCAC projects/units, nor Supportive Housing Set Aside projects. The points only will apply to those projects that are designated in the application as "family". Designating a small number of supportive or homeless units will have no impact on points.

Q: Scoring - General: Some categories refer to distances. How does WHEDA define the start point and measure the distance?

A: Applicants may use any outside boundary of the site(s) as the starting point. The distance is measured "as the crow flies" - not driving or walking distance.

Q: Scoring - Category 6, "Serves Lowest-Income Residents". Can a development score more than 70 points without the 10 point bonus (6 or more 30% CMI units) in the "Serves Lowest-Income Residents" category?

A: No. The 10 point bonus is meant to be separate and distinct from the 70 point calculation. The only way to score more than 70 is by meeting the 10 point bonus criteria.

Q: Scoring - Supportive Housing: There are two options available for scoring for supportive housing. What is the difference?

A: Option A is an integrated population model where less than 25% of the units are supportive. WHEDA will accept either 30% CMI units or committed rental subsidies under Option A. Option A projects **cannot** submit in the Supportive Housing Set-Aside.

B: Option B is designed to be less integrated and perhaps more service enriched for special populations as identified by the sponsor. The overall criteria are very similar to Option A, except that under Option B, the applicant must have committed rental subsidies. Option B **must** submit in the Supportive Housing Set-aside.

Q: Scoring - Employment Centers/High Need Areas. My application might have scattered sites. How do I score in this Employment Center or High Needs category?

A: At least 2/3 of the sites must meet the scoring criteria in order to qualify for points.

Q: Scoring - Employment Centers. Will WHEDA accept anything else (in lieu of actual letters from employers) to document proximity of jobs?

A: No. WHEDA will not accept anything other than an employer support letter, with all its required components. If the employer is neutral to the project, or is not willing to support it with the required letter, no points will be awarded. [Note: points can be awarded if the project site is in one of the census tracts listed in Appendix R.]

Q: Can I apply as a developer with more than three applications?

A: Yes. The limit is imposed on awards, not applications. An applicant would need to withdraw one application if their three applications all scored high enough. WHEDA will contact the applicant if this occurs.

Q: The QAP limits developers to only two awards, but allows a third award if the developer acts as a co-developer. Is it OK to be a developer on one application, and co-developer on two?

A: Yes

Q: Can I be a co-developer on three applications?

A: Yes.

Q: Can I be a co-developer on more than three applications?

A: No. WHEDA suggests co-developers refrain from participating in more than three applications. The Primary Applicant would need to withdraw an application (or drop the co-developer) if the co-developer participates in more than three applications that score high enough to qualify for an award.

Q: I am a large well established for-profit developer. Can I be the Developer under the Non Profit Set-Aside, if I have a smaller not- for- profit co-developer?

A: No. Under Non Profit Set-Aside, the QAP states: "*The nonprofit must be named as the "Primary Applicant/Developer" and must be a "qualified nonprofit organization" as defined in Section 42*".

Q: Besides my own business considerations, what should I keep in mind regarding my decision to be the Primary Developer, the co-developer, or a consultant?

A: There are too many variables in this decision to be fully discussed here. But here are a few factors that are outlined in the 2013 QAP and the LIHTC application which might be helpful to applicants:

**Primary Developer**: Limited to two awards, except a third is allowed if acts as a co-developer. Generally, Development Team score will be based on Primary Developer score (history, experience, etc.) whether or not there is a co-developer.

**Co-Developer**: Three applications maximum. Developer Team score generally will be no less than 85% of the co-developer score if the co-developer is higher scoring than the Primary Developer. A co-developer is expected to own an interest in the controlling entity (managing member or general partner) for the project, materially participate in the development of the project, and make financial guarantees to the investor. A Co-Developer must sign the application.

**Consultant**: There is no limitation on number of consulting roles. A strong and experienced consultant may help increase a Primary Developer's Development Team score, but typically only in the "Ability to Bring Strong Players together" sub-category. A consultant is typically not expected to provide guarantees nor own an interest in the controlling entity. A consultant does not need to sign the application.