

Tax Credit Assistance Program (TCAP)

Competitive Priorities; Procedures to Commit and Expend Funds / Redistribution of Funds

Competitive Priorities

Developments that meet the following priorities will be given most weight for TCAP funds, in descending order:

1. Any developments that at one time had all permanent sources committed, are currently under construction, and now have a funding shortfall for any reason.
2. After the announcement of funding decisions from VHCB and DHCA at their June and July 2009 meetings, any developments that: 1) have sought all anticipated funding from sources including but not limited to VHCB's programs and DHCA's programs; 2) still have a funding gap; and 3) seem (but for that funding gap) more likely than not to begin construction in calendar year 2009, in VHFA staff's sole determination.
3. Any developments for which the sponsor has site control, has a preliminary plan for the development, and has at least one permanent funding source committed. (A letter of intent or letter of interest from a housing credit syndicator or investor does not constitute a permanent funding commitment.)

In moving down the list of competitive priorities in order, if there are two or more applications whose combined needs exceed available TCAP funds in the same competitive priority category, VHFA staff will consider first the number of priorities and evaluation criteria outlined in the QAP that the developments meet, and second the projects' earliest likely construction start dates.

Vermont defines a project as having received an award of credits as the date the VHFA Board of Commissioners has passed a resolution that approves either: 1) an allocation of ceiling credits, or 2) "exempt facilities" tax-exempt bond financing in an amount sufficient to qualify the development for the Section 42(h)(4) "automatic" Housing Credits. Any project that has had either action between October 1, 2006 and September 30, 2009, is potentially eligible for TCAP funds. TCAP funds can be awarded after or simultaneous to approval of allocated Housing Credits (or approval of tax-exempt bond financing that generates the "automatic" Housing Credits).

Procedures to Commit and Expend Funds / Redistribution of Funds

- Publish notice of funding in June 2009
- Receive applications in July 2009
- Perform Environmental Reviews
- Obtain Board approval in July, August or September 2009 – only projects that in staff's sole determination seem likely to be placed in service by 2/16/2012 will be recommended to the Board for approval.
- If applications total less than available funds, all requests will be awarded, based on staff determination of eligibility and funding amounts; otherwise, competitive priorities will be followed to the extent that funding allows. VHFA intends to commit at least 75% of the TCAP funds in this round.
- All awards will have a 2/28/10 construction start deadline. Failure to meet this deadline will mean TCAP commitment is automatically revoked and funds are returned to VHFA for reallocation.
- Hold a second round in April 2010, if any uncommitted TCAP funding remains. Same TCAP competitive priorities, 7/31/2010 deadline for construction start for the 4/2010 round.
- VHFA may condition an award of TCAP funds on the sponsor spending TCAP before other sources in order to meet the statutory goal of spending 75% of the TCAP funds in the aggregate by 2/16/2011.
- Any funds not disbursed by 2/16/2012 will be returned to HUD.
- Within the ARRA statutory deadlines, VHFA staff can grant TCAP recipients reasonable extensions to any dates or deadlines listed above.

VHFA Definition of Good-Faith Effort for Obtaining Equity, for Exchange Credit Purposes

Good Faith Effort:

Developers seeking Section 1602 funds in exchange for their tax credits shall demonstrate that they have made a good faith effort to obtain tax credit equity commitments and been denied by at least two tax credit investors or syndicators. In order for the Agency to make its determination that a good faith effort has been made, developers shall submit written evidence (such as correspondence on a letterhead from a syndicator, investor, or other equity source) that their respective tax credit equity investment proposals were reviewed by at least two parties, and denied. In cases where a developer is seeking to exchange only a portion, and not 100% of the tax credits committed to a project, the developer shall provide written evidence that they made a good faith effort to place 100% of the tax credit equity with at least two parties, and that those parties offered a lower level of investment, thereby resulting in a significant financing gap. Significant means that the resulting financing gap cannot reasonably be filled with other obtainable funding sources.