



Louisiana Housing Finance Agency

The following resolution was offered by Commissioner J. Mark Madderra and seconded by Commissioner Donald B. Vallee:

RESOLUTION

A resolution approving staff's recommended strategies for awarding the balance of tax credit assistance funds ("TCAP Funds") granted to the Louisiana Housing Finance Agency (the "Agency"), and providing for other matters in connection therewith.

WHEREAS, the Agency has been ordered and directed to act as the housing credit agency under Section 42 of the Internal Revenue Code of 1986, as amended (the "**Code**") on behalf of the State of Louisiana (the "**State**") in allocating and administering low-income housing credits (**Tax Credits**) made available pursuant to the Section 42 of the Code (the "**LIHTC Program**"); and

WHEREAS, Title XII of Division A of the American Recovery and Reinvestment Act of 2009 (the Recovery Act") appropriated \$39 million of TCAP Funds to the Agency to facilitate the development of qualified low-income housing projects ("**LIHTC Projects**") that will be completed by February 16, 2012 in accordance with HUD Notice CPD-09-03 – REV issued May 4, 2009 but revised July 27, 2009 (the "**HUD TCAP Notice**"); and

WHEREAS, the Agency has awarded approximately \$36 million of such TCAP Funds to LIHTC Projects and has approximately \$3 million of TCAP Funds remaining due to developers returning previously allocated funds; and

WHEREAS, the HUD TCAP Notice requires the Agency to distribute TCAP Funds competitively under the Recovery Act and pursuant to the existing Qualified Allocation Plans ("**QAP**"), including a written description of all selection criteria and any weightings assigned to competitively award its TCAP Funds and how the Agency will redistribute TCAP Funds to more deserving projects from projects which are not in compliance with deadlines established in the written agreement between the Agency and project owners; and

WHEREAS, staff issued a memorandum to the development community on July 15, 2010 that outlined a strategy for allocating the remaining TCAP funds; and

WHEREAS, staff convened a meeting on July 29, 2010 to receive comments on the allocation of the remaining TCAP Funds; and

WHEREAS, Agency staff has recommended that TCAP Funds be offered to projects that received an allocation of LIHTC between October 1, 2006 and September 30, 2009 and who have not received IRS Form 8609 with the maximum request for project being \$1M; and

WHEREAS, the Board of Commissioners of the Agency desires to approve the recommendations of staff and to authorize and direct staff and counsel to implement the allocation of TCAP funds in accordance with the limits and specifications contained in the attached revised staff memorandum entitled "Memorandum for allocation of returned Tax Credit Assistance Program Funds" (the "**Staff Memorandum**");

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Louisiana Housing Finance Agency (the "**Board**"), acting as the governing authority of said Agency that:

SECTION 1. The terms, conditions and parameters for awarding TCAP Funds to projects that received an allocation of LIHTC between October 1, 2006 and September 30, 2009 and as contained in the Staff Memorandum are hereby adopted and approved by the Board.

SECTION 2. The Agency staff and legal counsel are authorized and directed to prepare the forms of such notices, documents and/or agreements as may be necessary to implement the strategies described in this resolution and the Staff Memorandum.

SECTION 3. The Chairman, Vice Chairman, President, Vice President and/or Secretary of the Agency are hereby authorized, empowered and directed to execute any forms and/or documents required to be executed on behalf of and in the name of the Agency, the terms of which are to be consistent with the provisions of this resolution as approved by the Agency's General Counsel and Tax Credit Counsel, Foley & Judell, L.L.P.

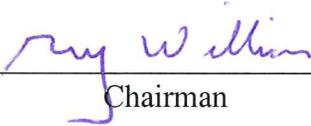
This resolution having been submitted to a vote, the vote thereon was as follows:

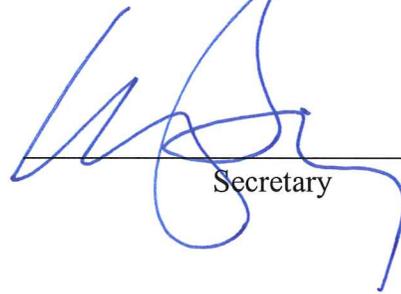
YEAS: Alice Washington obo John N. Kennedy, J. Mark Madderra, Guy T. Williams, Mayson H. Foster, Donald B. Vallee, Tyrone A. Wilson, Joseph M. Scontrino, III, Katie Anderson, Jerome Boykin, Sr., Elsenia Young, Neal Miller

NAYS:

ABSENT: Allison A. Jones, Michael L. Airhart, Susan Sonnier, Walter O. Guillory

And the resolution was declared adopted on this, the 11th day of August, 2010


Chairman

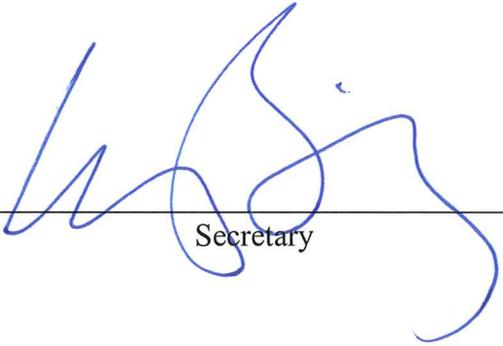

Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency (the "Agency"), do hereby certify that the foregoing four (3) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on August 11, 2010, approving staff's recommended strategies for allocating the balance of tax credit assistance funds ("TCAP Funds") granted to the Louisiana Housing Finance Agency (the "Agency"); and providing for other matters in connection therewith..

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 11th day of August 2010.


Secretary

(SEAL)



REVISED

Louisiana Housing Finance Agency
2415 Quail Drive, Baton Rouge, Louisiana 70808

MEMORANDUM

DATE: August 11, 2010
TO: Development Community
FROM: Louisiana Housing Finance Agency Tax Credit Staff
RE: Memorandum for allocation of returned Tax Credit Assistance Program Funds

Issue: LHFA Strategy for allocating remaining TCAP funds of approx. \$3M

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. Title XII of the Recovery Act appropriated \$2.250 billion dollars under the HOME Program heading for a grant program to provide funds for capital investments in Low-Income Housing Tax Credit (LIHTC) projects. The State of Louisiana received approximately \$39,383,397 in TCAP funds from HUD. A Taxpayer must evidence an ability to have expended seventy-five percent (75.0%) of the TCAP Funds awarded to the Taxpayer's LIHTC Project by February 16, 2011 and one hundred percent (100.0%) by February 16, 2012.

The Agency has allocated nearly \$36M with approximately \$3M of TCAP remaining due to developers returning previously allocated funds. This initiative is meant to provide additional TCAP funds for increases in costs for existing LIHTC projects. Maximum request per project will be \$1M. Note that only projects that received an allocation of LIHTC between October 1, 2006 and **September 30, 2009** (based upon HUD Notice CPD09-03) are eligible to apply and who have not received their 8609s.

Staff processing strategy:

Timeline

- 1) Send out draft notice to developers by no later than close of business on Wednesday, July 14th, advising of Public Hearing on Allocation of Additional Tax Credit Assistance Program Funds to be held on Thursday, July 29th from 8:30 a.m.- 10:00 a.m.
- 2) Based upon public input, staff will present the final Initiative to Multi-Family Committee for approval on August 11th.

- 3) Applications will be due by close of business on August 25, 2010.
- 4) Staff will rank and score applications and post preliminary rankings by no later than close of business on September 1, 2010.
- 5) Submission of recommended awards to be presented to BOC on September 8, 2010.

REVISED

Rank and Scoring

Projects will be scored and ranked according to the following criteria:

- | | |
|--|-----------|
| A. Rural Projects | 30 points |
| B. Projects that can expend funds within 60 days as evidenced through their submitted completed AMEC model and as verified through Foley and Judell. | 20 points |
| C. Projects with TCAP funds whose request for additional GO-Zone credits was not filled during latest GO-Zone initiative and who are willing to accept TCAP funds in lieu of additional GO Zone credits, | 15 points |

In the event of a tie in scoring, the project requesting the lower amount of TCAP funding will be allocated the funds in advance of projects requesting higher amounts of funds.

Submissions

1. Two (2) disk submission of updated AMEC model with signed certification.
2. Certification from Foley and Judell on status of expenditure of funding.
3. Identification of all eligible costs in the construction/rehabilitation budget that may be filled with an increase in TCAP funds
4. Certification that the developer fee will be limited to the amount contained within the most recent feasibility/viability report. This includes no decrease in deferred developer fee. Increased developer fee will not be allowed.

This initiative is not intended to allow any changes in the project's design, unit mix, and/or selection criteria or increase any of the project's total development cost as reflected in the last review of the project by the agency. The Developer/Taxpayer must certify that no other resources are available to fill the identified funding gap.

2010 GO Zone Credit Addendum:

The challenge that exists with respect to GO Zone Credits as we approach the final half of 2010 is twofold:

(i) If the December 31, 2010 placed in service deadline for buildings with GO Zone Credits is not extended by Congress, the GO Zone Credits allocated to such buildings within projects that have not broken ground (perhaps even with respect to a few projects that have broken ground) will be lost.

(ii) If Congress extends the placed in service deadline for buildings with GO Zone Credits to the end of December 31, 2012, the GO Zone Credits allocated to buildings within projects that have not yet broken ground are still at risk of being lost if construction periods for larger projects approach or exceed twenty-four (24) months.

Based upon the foregoing challenges, staff recommends that the 2010 QAP presented tomorrow at the BOC meeting be exclusively dedicated to non-GO Zone Credits. The QAP, revised as of August 10, 2010, will contain a *Special 2010 GO Zone Credit Addendum*.

The *Special 2010 GO Zone Credit Addendum* will be submitted for final approval at the September Board of Commissioner meeting and will address two separate GO Zone Credit reprocessing regimes: one for PHA/CDBG Projects with existing GO Zone Credits and another for all other projects requesting GO Zone Credits in a special competitive allocation process.

IF PLACED IN SERVICE DOES NOT PASS AS OF SEPTEMBER 17, 2010:

The Agency will continue to fund projects on the waiting list which was created during the April/May 2010 Competitive Additional GO Zone Rounds as credits become available from those projects that are not expected to PIS by December 2010.

Projects with existing GO Zone credits may apply for additional credits subject to syndicator commitment for purchase of such additional credits.

IF PLACED IN SERVICE DOES PASS:

(I) PHA Sponsored/State CDBG Projects: PHA and CDBG projects will be required to complete a reprocessing through the Agency's Asset Management Electronic model (the "AMEC Model") submitted simultaneously to the Agency and Foley and Judell. Updates of financial and operating data and project schedules with respect to construction progress and placed in service dates for every building in the project must be included in the AMEC Model. The following information in addition to the AMEC Model must be submitted by no later than September 17th:

- a) Updated executed copies of financial and syndication commitments;
- b) Updated interim construction loan commitments;
- c) Updated hard and soft debt including CDBG commitments; and,
- d) Reprocessing fee in accordance with current fee schedule.

(II) Competitive GO Zone Pool: Projects with GO Zone credits (other than PHA Sponsored/State CDBG Projects) will be required to compete with other projects in the GO Zone area for GO Zone credits that the Agency is recapturing from their projects. The competitive framework will be approved at the September Board of Commissioner Meeting. Projects competing for GO Zone Credits, in addition to the above, must also submit:

- a) Market Study Fee;
- b) A complete application from the 2010 QAP and AMEC model (Standard application and analysis fees must be submitted) submitted simultaneously to the Agency and Foley and Judell; and,
- c) Evidence of ability to place in service by no later than December 2012.