

MEMORANDUM

April 2, 2004

To: Interested Parties

From: Jeanne Peterson
Executive Director

Re: 2004 First Round Frequently Asked Questions and Answers

The following questions that may be of general interest have been posed to us. We provide our responses to give you guidance as you prepare your tax credit applications.

1. If project costs decrease after application and reservation, can an applicant maintain its basis to cost ratio for purposes of the last tie-breaker at placed-in-service by reducing the requested eligible basis below that which was stated in its application?

Yes, it would be required to.

2. Must the architect certify to the high speed internet service? Can wireless service be used for these points?

No, the architect does not need to certify to the high speed internet service, although the architect would certify to hard wiring (for basis boost, not points). At this time, wireless internet connections cannot be used for these points as there is substantial additional cost involved (to the tenant) in purchasing the necessary hardware.

3. Does the 125% limit apply to just the first project funded in a geographic area?

Yes. Subsequent selections are governed by the "50% rule". Further, if a next in line project does not meet the 50% rule, there will not be a skipping over to find a project that does. Rather, funding will stop in that area and any "left-over" funds will be available in that geographic area in the next funding round.

4. Are color photographs required for site amenities?

The photos should be either original photos or photo quality copies so that we may see/read them well. They do not have to be in color but should not just be photocopied.

5. How are site amenity distances measured for scattered site projects?

Separate distance measurements must be provided and will be scored for each site. TCAC uses the lowest point total in determining points to be awarded.

6. Does the average 40% AMI requirement for SRO and Special Needs developments also mean that the average rents must be concomitantly restricted?

Yes.

7. Is there a “de minimus” rule on site amenity distances?

No.

8. How should the new regulation concerning spreading the 10% at 30% over various unit sizes be calculated?

TCAC will accept either of two alternate methodologies. In either case, we expect that the largest bedroom size units will have at least 10% of units at 30% of AMI. You may choose which methodology works best for you.

Example 1 is an 80 unit project, so 8 units will need to be at 30% AMI. The project has 1, 2 and 3 bedroom units. Begin allocating the targeted units with the largest bedroom size and ascribe 1 30% unit to each bedroom size until the 10% requirement is met. Illustrated as follows:

<i>3 bedrooms units</i>	<i>unit 101</i>	<i>unit 104</i>	<i>unit 107</i>
<i>2 bedroom units</i>	<i>unit 102</i>	<i>unit 105</i>	<i>unit 108</i>
<i>1 bedroom units</i>	<i>unit 103</i>	<i>unit 106</i>	

As you can see, this results in 3 three bedroom units, 3 two bedroom units, and 2 one bedroom units being reserved for those at 30% AMI.

Alternatively, assume an 80 unit project that has 5 four bedroom units and 75 three bedroom units. You may choose to allocate 10% of the four bedroom units at the 30% AMI level (always rounding UP for the largest bedroom size), and the remainder necessary to meet the overall 10% to the three bedroom units. This would result in the following:

10% x 5 = .5 rounded up to 1 four bedroom unit

10% x 75 = 7.5 generally rounded up to 8 but in this instance, since the total necessary is 8 and there is already 1, you may choose to do 7 three bedroom units.