Working Paper

State and Local Housing Preservation Initiatives

(Updated March 2006)

Faced with a growing affordable housing crisis, state and local governments are increasingly turning their attention to preserving existing multifamily, affordable homes. Many states and localities are devoting their precious resources, including low income housing tax credits, private activity bonds, and other state and local funds, to this end.

We are interested in adding any state or local initiatives that either set-aside funds for or prioritize preservation projects. If you determine that an initiative described in this document no longer reflects the current state of affairs or have any information that would update or add to this document, please let us know. Please contact Tracy Kaufman at the National Housing Trust (tkaufman@nhtinc.org; 202-333-8931 ext. 29).

Four years ago, the National Housing Trust (NHT) conducted an informal survey of state housing finance agencies to determine which agencies were prioritizing or setting aside low income housing tax credits to preserve federally-assisted or insured, multifamily housing. At that time, fewer than six states were concerned enough about the loss of federally-assisted housing to dedicate a portion of their most plentiful housing resource—low income housing tax credits—to preserve and improve affordable, multifamily homes. Today, more than 40 city and state agencies prioritize preservation, through points or a specific preservation set-aside, in their Qualified Allocation Plans (QAPs).

This working paper is part of NHT's ongoing effort to identify state and local level initiatives that preserve affordable, multifamily housing. This is a work-in-progress and does not necessarily reflect to depth of any one initiative or the breadth of initiatives around the country. However, we have made a good start. The information we have gathered includes preservation initiatives related to State QAPs for Low Income Housing Tax Credits, private activity bonds with 4% low income housing tax credits, and housing trust funds, as well as other state and local initiatives.

Please Note:
This document is no substitute for one's own research. Specifically for state Qualified Allocation Plans (QAPs), scoring will vary widely. For the purposes of this document, NHT has reviewed each QAP to determine what, if anything, was mentioned about housing preservation. A particular state QAP may appear at first blush to encourage preservation, but that the competition within the state and/or mixing of "preservation points" with other tax credit priorities makes the preservation "priority" more or less meaningful.

Some of the allocation information was generously provided by the National Council of State Housing Agencies, National Affordable Housing Trust and *Affordable Housing Finance* magazine. Information was supplemented with data from the National Housing Trust.

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For additional copies of the working paper, please visit our website at www.nhtinc.org

National Preservation Initiative

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WORKING PAPER

State & Local Affordable Housing Preservation Initiatives

(Updated allocation information to be available in spring 2006)

Alabama

Low Income Housing Tax Credits (9% Credits)

New construction or substantial rehabilitation of an existing building that is not federally subsidized qualifies for 9% credits. The 2006 QAP awards 5 points for rehabilitation of existing multifamily residential rental housing; a minimum of $10,000 per apartment of hard construction cost must be completed in order to receive these points. Existing multifamily residential rental housing is defined as at least 50% occupied at the time of application. The QAP awards 5 points (up from 4 points in 2005 and 2 points in 2004) to HUD and USDA RD "distressed" properties. AHFA defines "distressed" properties as those properties being in risk of foreclosure.

Allocations: The number of applications increased by more than 40% from 2003 to 2004. Applicants requested more than four times the available amount of credits. In 2004, more than $2.2 million in credits were awarded to 4 acquisition/rehab properties with 473 apartments.

Private Activity Bonds with 4% Credits

Rehabilitation of a federally subsidized property will qualify for 4% credits. A substantial rehabilitation of an existing building shall be treated as federally subsidized for any taxable year if, at any time during such taxable year or any prior taxable year, there is or was outstanding any obligation the interest on which is exempt from tax under Section 103, or any below-market federal loan, the proceeds of which are or were used (directly or indirectly) with respect to such building or the operation thereof; "any qualifying acquisition" will also be eligible for 4% credits.

Allocations: In 2004, the Alabama Housing Finance Authority allocated $962,669 in tax-exempt bonds for 5 acquisition/rehab properties with 731 apartments. In 2003, AHFA allocated $54.4 million for rental properties, including more than $400,000 for 3 acquisition/rehabilitation properties with 448 apartments.

Alaska

Low Income Housing Tax Credits (9% Credits)

Alaska's 2006 QAP awards points to acquisition/rehabilitation or rehabilitation properties based on property size: 5 points for 35 apartments or more, 3 points for 17-34 apartments, and one point for 16 or fewer apartments. It also awards five points for using acquisition/rehabilitation or rehabilitation housing as part of a local community revitalization plan. Rehabilitation costs must be the greater of $15,000 per unit or 10% of the "adjusted basis" of the building and must consist of work items that are more than just cosmetic in nature.

Additionally, Alaska's 2006 QAP establishes the criteria used to award Greater Opportunities for Affordable Living (GOAL) program funds. GOAL contains three funding sources -- LIHTCs, HOME funds, and Senior Citizen's Housing Development Fund (SCHDF) grants. In 2006, the QAP provides a 20% set-aside f or USDA Rural Development Section 515 and 538 properties and HUD Section 8 Contract Project Based Rental Assistance Properties, up from a 10% set-aside for Rural Development Section 515 properties in 2005.

Allocations: With increased demand and twice as many credits requested as were available in 2004, the Alaska Housing Finance Corp. reserved $2.3 million for 6 properties. AHFC allocated more than $650,000 in 9% tax credits to preserve 2 properties with 61 apartments.

Private Activity Bonds with 4% Credits

Allocations: Alaska receives $225 million for its overall private activity bond program. By the end of April 2005, AHFC had preserved 1 property with 47 apartments with more than $410,000 in 4% tax credits. Applications are accepted on a continuous basis.

Arizona

Low Income Housing Tax Credits (9% Credits)

In Arizona's 2006 QAP, two of the general goals for allocating Tax Credits include: 1) to enable substantial rehabilitation of existing rental housing in order to prevent losses to the existing supply of affordable apartments, and 2) to prevent the loss from the existing stock of low-income rental housing of those apartments subject to expiring contracts with federal agencies or subject to prepayment which, without the allocation of tax credits, would be converted to market rate apartments.

The allocation plan provides a set-aside for one acquisition/rehab development located in an urban area where all of the apartments undergo rehabilitation and one acquisition/rehabilitation development located in a rural area where 100% of the apartments undergo rehabilitation.

Properties containing Acquisition/Rehabilitation and New Construction will be given up to 30 points if the rehabilitation apartments total 50% or more of the total property and the acquisition/rehabilitation is 100% of the acquired apartments. Points awarded are proportional to rehabilitation costs per apartment (30 points for $15,000+/apartment; 15 points for $10,000 to $14,999; 10 points for $5,000 to $9,999.

New in the 2006 QAP, the state will award 40 points to applicants for the preservation of existing subsidized housing, i.e., applicants that are preserving properties with existing rental assistance (project based Section 8 or RD rental assistance) that would otherwise be lost.

In the case of a tie between applicants, tiebreaker points are awarded, including 4 tiebreaker points for rehab properties.

Allocations: In 2004, the Arizona Department of Housing awarded more than $11.4 million in tax credits to 25 developments. More than $1.5 million was allocated to 5 acquisition/rehabilitation properties with 369 apartments.

Private Activity Bonds with 4% Credits

Allocations: Arizona's rental housing allotment from their 2005 bond cap authority is estimated to be $45 million. Arizona distributes private activity bonds by lottery in early January. In 2004, 10 housing properties received nearly $56.9 million by mid-October. More than $170 million was still available in October 2004.

Housing Trust Funds

Arizona's State Housing Fund Program (funded by HOME and State Housing Trust Fund funds) is made available for financing the development of qualified affordable rental properties, as well as emergency shelters. Applications are accepted on a quarterly basis and must meet certain threshold and underwriting requirements to receive a reservation for funding. All financing is provided in the form of a loan.

Arkansas

Low Income Housing Tax Credits (9% Credits)

The 2006 QAP awards up to 10 points when a proposed development “involves preservation and rehabilitation of residential rental housing under an existing state of federal affordable housing program.” (Points are awarding according to what percent of the apartments under the affordable housing program are or become LIHTC.) The state also provides 10 points for properties involving "rehabilitation of existing structures."

Rehabilitation hard costs must be no less than $15,000 per apartment and no less than 20% of the developer’s total costs.

Allocations: In 2004, almost $5.1 million in tax credits were awarded to 26 properties. Of those, 13 were acquisition/rehabilitation properties with 439 total apartments receiving about $1.4 million in credits. The state doubled the amount of credits it allocated to acquisition rehab properties from $773,000 to 6 properties with 244 apartments in 2003.

Private Activity Bonds with 4% Credits

Allocations: Arkansas has $144.4 million private activity tax exempt bond cap in 2004, including $33.8 million reserved for rental housing. As of May 31, 2004, one multifamily allocation of $4.4 million was made through the Pulaski County Facilities Board.

California

Low Income Housing Tax Credits (9% Credits)

The 2006 QAP provides a 5% set-aside for "at-risk" properties defined as properties with subsidies (including tax credits) that expire within two years prior to or after the application date. Additionally, 10 points are provided to at-risk properties as meeting housing needs.

Applicants applying for competitive Tax Credits and involving rehabilitation of existing buildings shall be required to complete a minimum of $20,000 in hard construction costs per unit (except for those properties defined as “at risk” pursuant to these regulations, which must complete a minimum of $10,000 in hard construction costs per unit.)

Allocations: In 2004, while other set-aside categories were oversubscribed, the at-risk set-aside was undersubscribed. Nonetheless, the state preserved 260 apartments in 4 properties with more than $2.47 million in 9% credits. In 2003, 11 properties were awarded more than $9.58 million in 9% federal credits to preserve more than 900.

Private Activity Bonds with 4% Credits

The California Debt Limit Allocation Committee (CDLAC) increased the basis adjustment multipliers in the 4% program by 20% for all tax-exempt bond properties, making it easier to raise enough equity to make preservation acquisitions with minor to mid-level renovations feasible. CDLAC also provides federally-assisted at-risk properties with up to 20 points for properties applying for tax-exempt bonds.

Projects involving rehabilitation of existing buildings shall be required to complete a minimum of $10,000 in hard construction costs per unit.

Allocations: Demand for tax-exempt bonds has historically been greater than the state's ceiling. By May 5, 2005, California had preserved more than 1,200 apartments in 8 properties with more than $4.4 million in 4% credits. For 2004, more than 5,600 apartments in 46 properties were preserved with more than $20 million in 4% credits.

The demand for tax-exempt private activity bonds increased dramatically in 2003. CDLAC awarded a total of $1.56 billion for rental housing in 2003. The 2003 allocation helped preserve 1,380 income and rent restricted apartments that were at-risk of losing affordability restrictions and a total of approximately 5,000 apartments of acquisition and rehabilitation.

Housing Trust Funds

Los Angeles

In 2003, the LA City Council approved guidelines for expenditure of the Affordable Housing Trust Fund. Those guidelines include 10% that will remain flexible with the priority going toward preservation of housing that is at risk of converting to market rate. The guidelines also establish that 60% of the Trust Fund will be for multifamily rental properties serving households at or below 60% of the area median income. The local HUD HUB in Los Angeles has implemented a innovative type of trust. For those Section 236 properties that are sold by non-profits and HUD must approve the prepayment, 75% of the sales proceeds are deposited in a trust to promote additional or preservation of affordable housing. The non-profit the may access those funds (which are kept separate) for future preservation or development transactions. The trust monies can also be used for making loans or paying predevelopment costs.

Other California Preservation Initiatives

Since it was approved by voters in November 2002, Proposition 46 has funded a state Multifamily Housing Program (MHP) in the amount of $150 million per year for five years and this program also provides extra points for at-risk properties and is not available to properties applying for 9% credits. Along with the MHP funding from Prop 46, the bond act also authorized a preservation acquisition fund. The bond provided $45 million of acquisition monies that would be levered 3 to 1 with CalHFA funds to provide short term acquisition funds (e.g., Assuming acquisitions price of $10 million; Prop 46 funds contribute $3 million; CalHFA $7 million), Loan guidelines call for expedited processing with the loan due in two years. In the event the permanent financing is inadequate to cover all properties (acquisition and rehab), then a portion of the Prop 46 funds may remain on the property as a residual receipts subordinate loan.

California Housing Finance Agency (CalHFA) uses the following to foster preservation of affordable housing: (1) facilitating rapid acquisition financing by nonprofits by utilizing an internal warehouse line of funds which in turn are reimbursed by pooled 501(c)(3) bond offerings; (2) purchase of Fannie Mae’s portfolio of HUD Section 236 loans to help implement IRP decoupling; (3) facilitating the acquisition of several large at-risk properties by one for-profit preservation buyer, using interest only and mezzanine financing during rehabilitation.

In addition, CalHFA will lend against the Section 8 increment depending on the position of market rents and the contract length. This "B" piece structure has been used effectively on existing Agency Section 8 loans (essentially refinancings involving a sale) and for other Section 8 brought into the Agency’s portfolio. HUD 202 loans will also be financed by the Agency where the loan amount is set to the existing Section 8 rent levels (with potentially some adjustment for market) for a 20 or 30 year term. These loans are insured under FHA Risk Share.

RHS 515 loans have been financed using RHS’s ability to offer their loans at 1%. The rents on these properties are generally low, consequently the level of rehabilitation that can be undertaken is limited.

Los Angeles

In 2003, the City Council created the LA Affordable Housing Preservation Program, modeled after similar programs in Denver, Sacramento and San Francisco. The program includes a new noticing ordinance, new financing guidelines and a position for a preservation coordinator.

Pacifica

In 2003, the City of Pacifica entered into a "friendly condemnation" to secure affordability of a federally-assisted development serving seniors in that community. City funds were mixed with CalHFA funds to facilitate transfer to an existing nonprofit. CalHFA used 501(c)(3) bond debt as the long term financing vehicle. Agency funds were used on a short term basis to fund the acquisitions quickly to meeting the timeframe imposed by the Court.

San Francisco

San Francisco guarantees lenders, owners & purchasers of federally-assisted housing that it will "make up the difference" between restricted rents and market rent if the federal government fails to provide Section 8 subsidies to existing properties. Restricted rents are the tax credit eligible or tax-exempt bond eligible rents that typically range from 45-60% of adjusted median income. The San Francisco Redevelopment Agency has stringent notice and code enforcement requirements to compel owners to cooperate with the SFRDA in maintaining affordability. The SFRDA also uses a leasehold structure where they City purchases the land and executes a lease to the new owners. This method insures the property remains affordable for as the City requires.

Colorado

Low Income Housing Tax Credits (9% Credits)

The 2006 QAP provides 15 points for preservation developments, defined as existing tax credit developments that are eligible for acquisition/rehab credits that are retaining their current income targeting, developments eligible for acquisition/rehab credits that have federally subsidized rental assistance (HUD Section 8, Rural Development Section 515, etc.) and are within two years of mortgage pre-payment or contract expiration. An additional point is available for rehabilitation developments that are located in an area that is part of a community revitalization plan.

Allocations: CHFA has about $8 million in LIHTC authority each year and often grants "preliminary reservations" of credits, carrying forward these credits into the next calendar year. The agency also makes some reservations in advance for the next year. In 2004, CHFA had $11 million to reserve (using both 2004 and 2005 credits). Preliminary reservations included more than $2.6 million for 6 acquisition/rehabilitation properties with 586 apartments. In 2003, more than $12 million in credits were reserved, of which about $1.4 million went to acquisition/rehabilitation properties (more than $1 million specifically to "at-risk" properties).

Private Activity Bonds with 4% Credits

Colorado often uses 4% credits for preservation.

Allocations: Colorado frequently uses 4% credits for preservation. In 2004, approximately $50 million in bond cap went to multifamily properties. CHFA assisted 4 multifamily properties, all of which were acquisition/rehab. For 2005, estimates put bond cap at $370 million, with $150 million available for housing. In 2003, the state preserved 2 properties with 150 apartments using almost $300,000 in 4% credits.

Other Colorado Preservation Initiatives

Colorado is able to make conventional bond-financed mortgages, both taxable and tax-exempt, on loans of $2 million or less, which results in lower fees and faster processing times to borrowers. Due to their non credit enhanced nature, all approvals for these financings are internal.

Colorado also used the Colorado Housing and Finance Authority’s (CHFA) internal Housing Opportunity Fund (HOF) source to fund 2nd positions at lower interest rates, thereby lowering the total overall interest rate to acquisition borrowers and creating opportunities for larger debt structures. The HOF funds are also used to make very low interest loans on smaller transactions (under $500,000).

Since 1999, CHFA has had a multifamily refinance program in place for existing borrowers, both within and outside of the CHFA portfolio. The main highlights of the Multifamily Refinance Program include offering loans of up to 100% of the total development cost, along with providing additional funds to complete rehabilitation. For loans within the CHFA portfolio previously financed by tax-exempt private activity bonds, CHFA can re-cycle funds into a new bond issue, thereby leveraging more funds without using new bond cap.

CHFA has also been able to offer interest rate reductions to borrowers in situations where the property is struggling to meet debt service. These relief efforts are more carefully reviewed, however.

In 2005, CHFA is concentrating on contacting LIHTC property owners that are reaching their 10-year lockout expirations to try to extend the affordability periods on these properties. As nearly all of the limited partnerships involved have 5 years remaining in their LIHTC compliance period, CHFA usually can offer interest rate reductions on the underlying mortgage in exchange for entering into another lockout period from 5 to 10 years.

Connecticut

Low Income Housing Tax Credits (9% Credits)

Connecticut's 2006 draft QAP designates as a priority the development of housing which "preserves the existing stock of Federally assisted low-income housing, where loss of low-income service is possible upon prepayment of a mortgage or expiration of housing assistance contracts." All applicants that meet the state's threshold eligibility criteria are classified into one of three possible Allocation Priority Classes according to the characteristics of the proposed developments. General Class II includes applications for assistance necessary to preserve federally assisted apartments that will be lost due to mortgage prepayment, subsidy contract opt-out or subsidy contract termination. LIHTCs will be allocated first to nonprofit set-aside applicants, then to applications from General Class I (which can include acquisition and/or rehabilitation properties if they meet the Class I requirements, such as being part of Urban Regional Centers or Neighborhood Revitalization Zones), then to the extent available to applications from General Class II, and then to General Class III applications.

The 2006 QAP also awards up to 10 points for new construction or rehabilitation proposals that provide additional apartments, effectively acting as a small preservation disincentive.

Allocations: In 2004, CHFA allocated tax credits to 12 properties. More than $4.2 million in tax credits went to 5 rehabilitation properties with 247 apartments. CHFA will have an estimated $6.4 million in 2005 tax credit authority. In 2003, CHFA awarded more than $3.6 million in tax credits to 6 acquisition/rehabilitation properties with 393 apartments.

Private Activity Bonds with 4% Credits

Allocations: CHFA allocates tax exempt bonds on a case-by-case basis for multifamily properties. In 2004, CHFA reserved bonds for one older acquisition/rehab property with 118 apartments. In 2003, CHFA preserved another property with Sec. 501(c)(3) bond financing.

Delaware

Low Income Housing Tax Credits (9% Credits)

In the 2006 draft QAP, DSHA has set up pools for allocating tax credits. Developments will compete only within their respective pools. Developments are ranked within those pools and the highest scoring developments in each are separately evaluated to determine the amount of tax credits required. Each year DSHA establishes the percentage of available credits for each Pool. For 2006, the Preservation Expiration Pool has approximately $600,000 of Tax Credit Authority, the most of the five pools and up from $300,000 in 2004 and 2005. The following types of properties are eligible for this pool: 1) Any Pre-1990 tax credit housing development, which has completed its compliance period that is in need of substantial rehabilitation, and at risk of losing its affordability and 2) Any currently occupied subsidized housing development in need of substantial rehab and at risk of losing its affordability.

Allocations: In 2004, Delaware reserved $560,000 in tax credits for one property with 88 apartments in the preservation expiration pool. In 2003, the state reserved more than $746,000 for 2 properties with 149 apartments in the preservation pool.

Private Activity Bonds with 4% Credits

Properties financed with tax-exempt bonds may receive 4% Tax Credits without participating in the annual competitive allocation process described in the Qualified Allocation Plan, but they still have to submit a complete application before the tax-exempt bonds are sold. In order to receive tax credits, properties must be Preservation Expiration Housing or Conversion Housing. They must also receive a determination that they satisfy the requirements for the allocation under the QAP, including Threshold Requirements and geographic exemptions and exceptions. In addition, an application must score a minimum of fifty (50) points.

Allocations: The state preserved 2 properties with 149 apartments using almost $140,000 in 4% tax credits in 2003.

Housing Trust Funds

According to the Center for Community Change, a coalition of financial services and nonprofit housing community organizations in Delaware proposed a 5 year strategic housing plan in early 2004 that includes using the state's Housing Development Fund (a housing trust fund supported through document recording fees) to preserve existing affordable rental housing with federal subsidies.

The Delaware State Housing Authority and the Council on Housing oversee the Housing Development Fund (HDF). Funding sources for the Housing Development Fund include State General Assembly appropriations, bond refinancing, document recording surcharge, loan repayments, and interest income. Recent legislation now allows private donations.

Because the Housing Development Fund is a revolving fund, most of its financing activity is in the form of both short- and long-term loans which may be used to finance pre-development expenses and construction costs, as well as to assist in permanent financing. Priority is given to applications which leverage Housing Development Funds with other sources of funding, both public and private.

District of Columbia

Low Income Housing Tax Credits (9% Credits)

The DC Department of Housing and Community Development's (DHCD) 2005 QAP provides an exception to the 10-year rule for acquisition properties with Federal or other mortgages that are subject to prepayment provisions.

Allocations: The demand for 9% tax credits in DC exceeded supply by 4 to 1, with reservations of $1.5 million.

Private Activity Bonds with 4% Credits

The District of Columbia Housing Finance Agency (DCHFA), the provider of tax-exempt private activity bonds and 4% credits for the District of Columbia, provides 10 "bonus points" for proposals that preserve subsidized housing with an expiring use restriction and 10 additional points for properties that limit rent hikes to no more than 10% per year.

Allocations: In 2005, DC is expected to have $234 million in private-activity tax-exempt bond cap, $100 million of which will likely be for multifamily housing. By 12/30/05, 4 rehab properties with 841 apartments had been approved by the Board and were in the pipeline. In 2004, 2 rehab properties with 350 apartments were awarded private activity bonds with more than $11.1 million in 4% tax credits.

Housing Trust Funds

The newly created Washington Area Housing Trust Fund (WAHTF) launched a joint initiative with the National Housing Trust Community Development Fund (NHTCDF). NHTCDF agreed to provide up to $1 million in matching loans to developments that meet both organizations' underwriting requirements. The Enterprise Foundation also agreed to collaborate on preservation transactions. On June 6, 2003, the DHCD released an RFP making $25 million in local Housing Production Trust Fund money available. $7 million of that funding is specifically targeted for the preservation of rental housing with expiring federal subsidies. DHCD also provides 5 points for the preservation of housing with expiring Section 8 assistance for DC's Housing Production Trust Fund applicants.

In 2005, DHCD announced a new Site Acquisition Funding Initiative for Affordable Housing (SAFI), under the Housing Production Trust Fund Program. The $15 million SAFI funding for FY05 seeks to leverage DHCD funds with private funding to provide expeditious closings, accessibility and a revolving loan fund for nonprofit developers for the preservation, rehabilitation and production of affordable housing. This initiative will provide site acquisition and predevelopment loans, purchase options and technical assistance to nonprofit developers.

Other District of Columbia Preservation Initiatives

In a RFP due in January 2006, DHCD will award its CDBG, HOME, Tax Credits and Housing Production Trust Fund money (see above for details on the Trust Fund). Approximately $8 million is anticipated by DHCD to be allocated for preservation from the Trust Fund, CDBG and Home money. DHCD provides points for the preservation of housing with expiring Section 8.

Over the past several years, DHCD has also funded some nonprofit organizations to conduct educational training workshops with tenants in buildings with expiring Section 8 or other federal subsidies.

Florida

Low Income Housing Tax Credits (9% Credits)

Allocations: Demand for tax credits exceeded supply in 2004. Florida Housing reserved $37.3 million in tax credits for 34 properties, including a rehabilitation property with 40 apartments that received almost $250,000 in tax credits.

Private Activity Bonds with 4% Credits

The majority of Florida's estimated $1.36 billion in 2005 tax-exempt bond cap will probably be used for housing programs, as it was in 2004. Florida Housing typically issues about $290 million of that cap, including $190 million for multifamily housing properties (most of which goes to new construction). In addition, the state's 17 regional agencies will receive $500 million in bond cap for their housing programs.

Allocations: By the end of March 2005, Florida Housing had awarded private activity bonds almost $290,000 in 4% tax credits to an acquisition/substantial rehabilitation property with 148 apartments. In 2004, they allocated almost $1.2 million in 4% tax credits and private activity bonds to preserve 2 properties with 510 apartments.

Housing Trust Funds

Money from the Florida State and Local Housing Trust Funds can be used for rehabilitation or acquisition. Each local government decides how to use the funding to best meet needs in its area.

Other Florida Preservation Initiatives

The State Apartment Incentive Loan Program (SAIL) provides low-interest loans on a competitive basis to affordable housing developers each year. This money often serves to bridge the gap between the development's primary financing and the total cost of the development. SAIL dollars are available to individuals, public entities, not-for-profit or for-profit organizations that propose the construction or substantial rehabilitation of multifamily apartments affordable to very low income individuals and families.

Under SAIL, a, minimum of 20% of the development's apartments must be set aside for families earning 50% or less of the area median income. Developments that use housing credits in conjunction with this program may use a minimum set-aside of 40% of the apartments for residents earning 60% of the area median income. Developments in the Florida Keys Area may use a minimum set-aside of 100% of the apartments for residents with annual household incomes below 120% of the state or local median income, which ever is higher.

Loan interest rates are set at one percent for those developments that maintain 80 percent of their occupancy for farmworkers, commercial fishing workers or homeless people. The interest rates are set at three percent for all other developments. Loans are issued for a maximum of 15 years unless housing credit syndication requirements or Fannie Mae requirements dictate longer terms. In most cases, the SAIL loan cannot exceed 25% of the total development cost and can be used in conjunction with other state and federal programs.

Gap financing was provided for 2 preservation properties through SAIL & LIHTC, with an average SAIL loan amount of $2 million. Gap financing was provided for 2 preservation properties through SAIL & MMRB, with an average SAIL loan amount of $1.075 million.

Georgia

Low Income Housing Tax Credits (9% Credits)

In the 2006 QAP, 6 points will be awarded for an application proposing the preservation of an affordable housing property with low-income housing tax credits where the credit period has ended, with 4 additional points for properties at or beyond their 14th year of compliance. Up to five points will be awarded for an application proposing the preservation of a HUD or USDA funded affordable non-public housing property. Two points will be awarded for an application that proposes the preservation of any other affordable housing property.

Up to 18 points will be awarded to applicants with project-based rental assistance, including those with current HUD project-based contracts that the owner plans to continue. Points awarded are based and percentage of apartments with project based assistance.

Rehabilitation properties will be considered for funding only if the average per unit rehabilitation hard costs equal or exceed $20,000 for properties 20 years old or less and the average per unit rehabilitation hard costs equal or exceed $25,000 for properties that exceed 20 years old.

Georgia's annual State Credit dollar amount will equal that of the Federal Credit. The State Credit will be automatically allocated on a dollar-for-dollar basis with the Federal Credit (for both 9% and 4% Federal Credit) and will be available for the same time period. The Federal and State Credit may be bifurcated and sold to separate investors.

Allocations: The annual State Credit dollar amount will equal that of the Federal Credit. The State Credit will be automatically allocated on a dollar-for-dollar basis with the Federal Credit (for both 9% and 4% Federal Credit). The Federal and State Credit may be bifurcated and sold to separate investors.

In 2004, Georgia awarded 9% tax credits to 6 acquisition/rehabilitation and 2 rehab properties with a total of 535 apartments. Those properties requested almost $2.4 million in tax credits. In 2003, the state preserved 6 properties with almost 600 apartments using more than $3 million in tax credits.

Private Activity Bonds with 4% Credits

Allocations: Georgia's bond allocations are awarded on a first-come, first-served basis, then ranked if necessary. The state tax-exempt bond cap for 2005 is $695 million, of which $295 million is reserved for all types of housing properties. In 2004, 8 multifamily properties were preserved using a total of totaling $94.5 million in bond financing. In 2003, 9 properties received tax-exempt bond funding with 4% credits.

Hawaii

Low Income Housing Tax Credits (9% Credits)

New in the 2006-2007 QAP, the state provides up to 2 points for "preservation of existing affordable rental housing at risk of being converted to market." To qualify for these points, proposals must be 1) acquisition/rehabilitation of a LIHTC property with an expiring compliance period (pre-1990) or an expiring extended use period (post-1990) and agree to extend the affordability for 30 additional years; or 2) acquisition/rehabilitation of a property which is at risk of being converted to market rate rental or for sale, which would result in lost affordable rental apartments. In this case, the property must have a contractual obligation with HUD, USDA RD or State or County housing programs to provide affordable housing, and must extend affordability for 30 additional years.

The 2006-2007 QAP also provides up to 4 points for a property that "will be receiving project based rental assistance subsidies which would result in eligible tenants paying approximately 30% of their gross monthly income towards rent." Eligible programs include, but are not limited to, Section 515 or Section 8 programs. The number of points awarded depends on how many of the apartments have project based subsidies.

The State Low Income Housing Tax Credit was increased in 2006 from 30% of the federal tax credit allocated to 50%.

Allocations: The demand for tax credits increased in 2004, with eight properties applying for $4.9 million in credits. Hawaii's 2004 authority is approximately $3.7 million, including carryover from 2003.

Private Activity Bonds with 4% Credits

Hawaii officials expect several bond applications to be submitted in 2005. While no multifamily properties received bond financing in 2004, they foresee new interest in using tax-exempt bonds for preservation in 2005.

Housing Trust Funds

Hawaii's Rental Housing Trust Fund provides "Equity Gap" low-interest loans or grants to qualified owners and developers constructing affordable housing apartments. Funds may be used to provide a loan or a grant for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing apartments. Permitted uses of the fund may include, but are not limited to planning, design, land acquisition, costs of options, agreements of sale, down payments, equity financing, or other housing development services or activities approved by the Commission.

Idaho

Low Income Housing Tax Credits (9% Credits)

In the 2006 QAP, Idaho awards 15 points, up from 10 in 2005, to developments that preserve existing low-income apartments (defined as a development that will be converted to market rate apartments, as determined by the Association's review, at the end of its affordability regulatory agreement).

The state also awards 20 points to developments which, due to prepayment of federally assisted mortgages or loss of rental assistance, may revert to market use provided the proposal meets the rehabilitation requirements set forth in the QAP.

Allocations: In 2004, Idaho reserved $2.46 million in tax credits for 16 properties with a total of 559 apartments. IHFA allocated almost $1 million in credits to Northwest Real Estate Capital Corporation for 10 acquisition/rehabilitation properties with 297 total apartments.

Housing Trust Funds

IHFA administers the Affordable Housing Investment Trust. This trust fund was established in 1997 and is funded with net operating revenues from IHFA. The trust has never received funding from an entity outside of IHFA. The current balance in the trust is approximately $33 million. There are designated "accounts" within the trust including an account entitled "multifamily gap loans" that can be used for acquisition/preservation of existing properties at risk of being converted to market-rate housing. To date, IHFA has not used this trust for the purpose of acquisition/preservation. Developers have generally used tax credits and/or bonds for acquisition/preservation developments.

Illinois

Low Income Housing Tax Credits (9% Credits)

The 2006-7 draft QAP (which governs both 9% transactions and private activity bonds) provides a $2 million set aside (down from $3 million in 2004 and 2005) for rehabilitation of currently occupied low-income housing developments whose conversion to market rate housing is likely (2-3 years) or properties otherwise in danger of being lost due to need for substantial rehabilitation. If not fully utilized in Round 2, remaining funds go into the general pool.

To be eligible for the set aside, a property may be in any of the following categories:

1) new construction, substantial rehabilitation, moderate rehabilitation, property disposition, and loan management set-aside programs, or any other program providing project-based rental assistance under Section 8;
2) the Below Market Interest Rate Program under Section 221(d);
3) Section 236;
4) Section 202;
5) Programs for rent supplement assistance under Section 101 of HUD Act of 1965;
6) Programs under Section 514 or 515;
7) Section 42 of the Internal Revenue Code.

Public Housing redevelopment properties without 1 for 1 replacement are not eligible under this set-aside. When determining eligibility, the Authority will look at: source and terms of existing financing for the property; the extent to which the rent levels will remain available; the appropriateness of the level of proposed rehabilitation given the current condition.

In addition, up to five points are provided in the general scoring categories for properties with project-based assistance (Project-Based Section 8, Section 202/811, USDA Rural Development project-based assistance, McKinney, Medicaid Payments for Supportive Living Facilities, Project-Based Housing Choice Voucher Conversion Program, and ACC contract to PHA).

While the minimum threshold requirement for rehabilitation is $8,000/unit, IHDA reserves the right to grant a waiver of this threshold under its Preservation Set-Aside. The majority of properties meets or exceeds the minimum rehabilitation threshold so the waiver has not been used.

Allocations: IHDA has $18 million in available tax credits during 2005. By the end of May 2005, IHDA had received 61 requests for $43 million. Of the $18 million available during 2004, 7 properties with 733 apartments were preserved with more than $3.8 million in 9% credits. In 2003, IHDA preserved 5 properties with 924 apartments with almost $3 million in tax credits.

Chicago

The City of Chicago has listed preservation as one of its preferences for awarding 9% credits.

Allocations: In 2005, Chicago's Department of Housing will allocate $5 million in tax credits, as it did in 2004 and 2003. In 2004, $1.3 million of that year's $5.3 million in tax credits financed rehabilitation properties.

Private Activity Bonds with 4% Credits

Allocations: By May 2005, IHDA had preserved 3 properties with a total of 587 apartments. In 2004, IHDA had $136.9 million in bond cap available for rental housing and preserved 13 properties (with a total of 2,469) were for the preservation of existing affordable housing.

Chicago

The City of Chicago has devoted a substantial amount of private activity volume cap and 4% credits to preservation.

Housing Trust Funds

The Illinois Affordable Housing Trust Fund can be used for acquisition and rehabilitation of existing housing. Rehabilitation properties can receive no more than $750,000 each. Applications are accepted three times a year and are meant as last resort funding. The primary use of funds is rehabilitation for single-family or multi-family housing.

According to the Center for Community Change’s Housing Trust Fund Project, the Illinois Affordable Housing Trust Fund made a specific grant of $100,000 to Tenants United for Housing, to provide technical services for tenants statewide who live in HUD-assisted properties eligible for Mark-to-Market. Services include outreach, training, and organizing of tenants to assure protection and preservation of apartments reserved for low-income tenants. Loans from the Trust Fund may also be used to refinance existing mortgages that will facilitate the preservation of affordable housing and for acquisition and rehabilitation of existing housing. Approximately $35 million is available each year, with a maximum award of approximately $750,000.

Other Illinois Preservation Initiatives

Preservation was one of statewide housing priorities outlined by Governor Blagojevich in an executive order signed in late 2003. Governor Blagojevich signed the Federally Assisted Housing Preservation Act in 2004 to help preserve thousands of federally subsidized housing apartments in Illinois at risk of being lost from the housing stock. The Act increases the number of situations in which owners of assisted housing must give tenants notice and extends that notice period from 6 months to 12 months. It also amended the definition of "subsidized housing" to include all project-based Section 8 properties, LIHTC properties, a developments with mortgages insured by various HUD programs. In addition, it offers an opportunity for tenants to purchase their buildings at a fair market value to preserve affordability, and grants tenant associations the ability to partner with non-profit development agencies or private parties in making these purchases.

Within the Multifamily Department, IHDA works with existing owners to help meet the rehabilitation needs of older developments and to encourage owners to keep their developments in the affordable housing stock. The department helps IHDA-financed properties to refinance to help rehab and preserve the property and acts as a PAE in HUD's Mark-to-Market process.

Illinois has created the State of Illinois Affordable Housing Tax Credit (IAHTC), which allows individuals or organizations to donate cash, securities, personal property or real estate to participating non-profit housing developers in exchange for a 50 cent credit toward their state income tax for every $1 donated for approved affordable housing creation. Aggregated amount of donation must be at least $10,000. Technical assistance and general support have a $1 million earmark with another $2 million for Employer Assisted Housing. Funds must be used for properties that meet the definition of affordable housing. IHDA is the IAHTC administrator for the state and gives preference to properties that "emphasize preservation, serve lower-income people, are ready to proceed financially and serve special needs populations. The Chicago Department of Housing is the IAHTC administrator for the City of Chicago.

Cook County

The Cook County Class S Program was set up to preserve project-based Section 8 multifamily rental housing as decent, safe and affordable for low- and moderate-income households in Cook County. This incentive allows a 50% tax assessment reduction for those apartments that remain affordable through the project-based Section 8 program. Eligible properties are those subject to a project-based Section 8 contract in an area where market-rate rents exceed otherwise allowed rents through the project-based Section 8 program. Qualified properties must renew their contracts through the HUD Mark Up To Market (MUTM) program, and Section 8 apartments must be retained during the five-year term of the renewed MUTM contract. The assessment reduction is calculated according to the proportion of Section 8 apartments in the building.

The county's Class 9 Program offers a 50% reduction to developers who complete major rehab on multifamily buildings and keep rents below certain levels. Properties are eligible for a 16% assessment level for a period of 10 years that can be renewed for additional 10-year periods.

Indiana

Low Income Housing Tax Credits (9% Credits)

Indiana's 2006 QAP —which pertains to tax credits, tax exempt bonds, and HOME funds—has a 20% preservation set-aside (up from 15% in 2005 and 10% in 2004) for developments which involve the substantial rehabilitation of an existing structure (affordable, market rate or otherwise) and/or a Development otherwise in danger of being lost as affordable housing.

This includes developments being removed from the affordable housing stock by a federal agency (i.e. HUD, Rural Development), rental housing RHTC developments with compliance periods that have expired or are expiring in the current year, developments utilizing HOPE VI funding, developments which entail demolition and decentralization of apartments with replacement of apartments on the same site as described above, and the re-use of an existing structure for conversion into affordable housing where a minimum of 75% of the development is converted to affordable housing and/or its common areas. Rehabilitation hard costs must be in excess of $15,000 per apartment to be considered in this category ($10,000 for all other set-aside categories).

Indiana also provides up to 3 points for preservation of existing affordable housing, including: 3 points for the preservation of an affordable property with rental housing tax credits that expire in the current year or earlier; up to 3 points for the preservation of a previously HUD or USDA funded non-public housing development (such as project-based Section 8 or RD 515 properties), with developments receiving designation of high preservation priority from HUD or USDA getting 3 points, 2 points for medium priority and 1 point for low priority; 3 points for developments that are part of a revitalization plan for a HOPE VI grant; or 2 points for proposed preservation of any other affordable housing development. Indiana also awards 1 point for developments whose rehabilitation will support community preservation; the development must be at least 75% rehabilitation, a HOPE VI transaction, or Infill housing that conforms to the existing neighborhood.

Allocations: In 2004, approximately $1.42 million was allocated to preservation properties, preserving 291 apartments. In 2003, three preservation properties received $1.24 million in tax credit allocations through the preservation set-aside, preserving 211 apartments.

Private Activity Bonds with 4% Credits

Allocations: Up to $99 million of the state's volume cap of $495 in private-activity tax-exempt bonds can be used for rental housing. The state preserved 2 properties in 2004 using private activity bonds with 4% credits.

Housing Trust Funds

The Indiana Low-Income Housing Trust Fund may be used for rehabilitation activities, including housing at risk of converting to market-rate. Developers applying for rental housing tax credits may simultaneously apply for a Trust Fund loan.

Iowa

Low Income Housing Tax Credits (9% Credits)

The 2006 QAP includes a 20% set-aside (same as 2005) for the preservation of qualifying Properties. Properties applying for this set-aside must be one or more of the following: 1) federal, state, or locally assisted housing preservation including low-income housing apartments subsidized under the following or similar programs, Section 236; Section 221(d)(3) BMIR; Section 221(d)(3) Market Rate with Section 8 rental assistance; HUD developments with Section 8 project-based rental assistance; Section 221(d)(4); and Section 515 Rural Housing Development; 2) adaptive reuse of existing buildings; and 3) conversion of existing market rate developments to affordable housing.

Additionally, Preservation Properties will receive 15 points. Preservation Properties are defined as a property that has federal subsidy (HUD Section 8 or USDA Section 515) and is likely to lose its low-income status (HUD-opt out notice or USDA prepayment filed), or a pre-1990 Section 42 Project that has successfully completed its 15-year compliance period. A rehabilitation threshold of at least 10% of adjusted basis or $7,500/low-income apartment (up from $6,000 in 2005) is required.

Allocations: In 2006, the Iowa Finance Authority (IFA) awarded more than $2 million in tax credits to 7 acquisition/rehab and rehab properties with 328 apartments. In 2006, 47 properties applied for $14.1 million in tax credits. More than $6 million was awarded to 23 properties.

Private Activity Bonds with 4% Credits

Allocations: In 2006, Iowa has an estimated $18 million in state bond cap available for rental housing.

Housing Trust Funds

The Iowa State Housing Trust Fund is held within IFA. Two programs operate under the Trust Fund - the Local Housing Trust Fund Program and the Project-Based Housing Program. 60% of the funds will go to the Local Housing Trust Fund, 40% to the Project-Based Housing Program. The Project-Based Housing Program assists in funding the development and preservation of affordable housing. The Local Housing Trust Fund can provide financial assistance to local housing trust funds that do rehabilitation (among other things).

During FY 2006 there was no State Housing Trust Fund monies awarded due to lack of appropriations and available IFA funds. In 2005, IFA awarded $1.08 million to 8 local housing trust funds and $567,500 to seven project-based housing program projects. For 2004, IFA awarded $1.78 million in funds to 12 organizations, $550,000 of which was awarded to 3 organizations under the Project-Based Housing Program. No local housing trust funds received more than $1.2 million.

Other Iowa Preservation Initiatives

IFA's Multifamily Loan Program provides loans to nonprofit and for-profit sponsors to preserve existing multifamily affordable housing at risk of being lost from the stock. Activities eligible for assistance include acquisition with substantial rehabilitation (acquisition with minor repairs possible for nonprofit owners), loan restructuring in Mark-to-Market program, restructuring of LIHTC or IFA loan properties pursuant to a workout plan, restructuring of HUD/USDA properties that are held or troubled, restructuring of HAF or IHC loans, and restructuring of troubled ILIHTC properties. The maximum loan term is 40 years.

IFA also has a Main Street Revitalization Loan program and since 2002 has made 11 loans ranging from a low of $50,000 to a high of $250,000. Loan were made for such things as rehabilitation of 2nd/3rd floors into office/community space; rehabilitation of 2nd floor into apartments; rehabilitation of building for clothing store, restaurant and commercial space. This program is intended to provide financing to facilitate upper floor housing, infill development properties and commercial properties situated in the downtown area of communities participating in the Iowa Main Street Program administered by the Iowa Department of Economic Development. Iowa’s Main Street Program currently has 34 active communities. They range from a population of 465 to 80,505. While their sizes vary, their goals are the same; to maintain and develop their downtown areas. Access to affordable loans has been identified as a major obstacle to downtown development. This could be a preservation opportunity in Iowa.

Kansas

Low Income Housing Tax Credits (9% Credits)

In the 2006 QAP, 10 points are given to developments that preserve existing low-income properties that would be subject to foreclosure or default if tax credits were not available. An additional 20 points are awarded to properties that provide rehabilitation of existing, structurally sound, energy efficient, low-income housing or buildings.

Allocations: In 2004, Kansas Housing Resources Corporation financed the acquisition and rehab of 5 properties with 303 apartments with more than $1 million in 9% tax credits. In 2003, the state preserved 5 properties with 415 apartments using $1.3 million in tax credits.

Private Activity Bonds with 4% Credits

Allocations: In 2004, Kansas Housing preserved 2 properties with 48 apartments using $231,000 in 4% credits. The state preserved another 2 properties with 397 apartments using more than $8 million in 4% credits in 2003.

Housing Trust Funds

The Kansas State Housing Trust Fund provides loans, grants, and a combination of the two for several activities, including the acquisition and/or rehabilitation of rental houses or multi-family apartments.

Kentucky

Low Income Housing Tax Credits (9% Credits)

Kentucky's 2006 QAP provides 15 points when a property either involves: 1) the acquisition and rehabilitation or rehabilitation of a property to prevent foreclosure and/or loss of the property for use by low-income households (This can be defined as those properties eligible for waiver under IRC Section 42(d)(6), or properties that have previously received Housing Credit and the compliance period has ended) or 2) the preservation (excluding acquisition only properties) of other existing housing stock.

Allocations: In 2003, KHC preserved 2 properties with 231 apartments.

Private Activity Bonds with 4% Credits

Allocations: According to KHC, while they have offered tax exempt bonds for the past two years for multifamily development, there has been minimal interest. Approximately $20 million out of the state's $306 million bond cap is available for multifamily housing.

Housing Trust Funds

The Kentucky Affordable Housing Trust Fund provides loans for the acquisition, rehabilitation and/or new construction of very low-income apartments. The fund can be used for almost any housing-related activity, including preservation.

Louisiana

Low Income Housing Tax Credits (9% Credits)

In scoring, redevelopment properties receive 25 points, substantial rehabilitation properties (more than $6500/unit) receive 25 points (a property can't qualify as both redevelopment and rehab), and abandoned properties receive 50 points. There are up to 25 penalty points if rehabilitation hard costs are less than $3,000/apartment.

Allocations: In 2005, more than $1.4 million was reserved in the revitalization subpool with an additional $1.27 million reserved for acquisition/rehab properties. A total of 19 properties with 692 apartments were preserved in 2005. In 2004, 35 received tax credit reservations for a total of more than $7.4 million. More than $1.3 million of that total was reserved in the revitalization subpool with an additional $705,000 reserved for acquisition/rehab properties. A total of 12 properties with 356 apartments were preserved in 2004.

Private Activity Bonds with 4% Credits

Allocations: In 2004, LHFA received 4 multifamily applications, one of which was allocated $250,000 in bonds with 4% tax credits.

Housing Trust Funds

In 2003, the Louisiana Housing Trust Fund could be used to produce, rehabilitate and preserve affordable dwellings. In 2004, a new State Housing Trust Fund was created, with interested parties seeking an appropriation to fund it.

Maine

Low Income Housing Tax Credits (9% Credits)

In Maine's 2006 QAP, one of the priorities is for "projects involving acquisition and/or rehabilitation, which add to or significantly rehabilitate the existing rental housing stock, and are rent-restricted to the lowest income households." The QAP provides 3 points to properties involving rehabilitation of existing housing stock of 5 or more apartments that also provide protection against displacement and substantial increases in housing costs attributable to the rehabilitation. If these properties are located within designated community revitalization areas, they will receive an additional point. The QAP also includes a 90-year affordability period as a threshold requirement.

Allocations: In 2004, allocations were capped at $500,000 per property, up from $450,000 in 2003. Seven applicants were allocated a total of $2.17 million in tax credits for 191 apartments in 2004. One of those properties was an acquisition/rehab property with 36 apartments that requested $198,436 and another was an acquisition/rehab/new construction property with 31 apartments that requested $361,942 in credits. In 2003, one acquisition/rehab property with 37 apartments was preserved using $500,000 in credits.

Private Activity Bonds with 4% Credits

Allocations: $30 million out of $228.6 million in total private activity bond cap is set-aside for rental housing. Applications are accepted on a case-by-case basis. Seven multifamily properties received bonds in 2003.

Housing Trust Funds

The Housing Opportunities for Maine Fund makes loans and grants that support affordable housing, presumably including preservation.

Other Maine Preservation Initiatives

Maine's Preservation Financing Program preserves the future affordability of some federally subsidized properties. Properties currently financed by MSHA are eligible on a walk-in basis. Debt can be used for acquisition or refinancing, and physical plant improvements. In exchange for MSHA financing, owners must agree to any extension of the subsidy contract. If the subsidy ends, the owner must rent 40%-70% of the apartments to households with incomes at or below 40% of the area median income beyond the term of the Section 8 HAP Contract. MSHA has preserved 42 developments with over 1,300 apartments in past 10 years.

Maryland

Low Income Housing Tax Credits (9% Credits)

Up to 10 points are awarded to applicants with long-term operating subsidies, including project based rental subsidies. Applicants that agree to maintain income and rent restrictions for 40 or more years and not exercise any opt-out rights qualify for 5 points in the project evaluation criteria.

In addition, the 2005 QAP awards 10 points for applicants proposing rehabilitation in a QCT or DDA, neighborhoods with existing community revitalization plans, in officially designated areas (Certified Heritage Areas, Community Legacy Areas, neighborhoods under Neighborhood Business Works Program, Empowerment Zones, federal or Maryland Enterprise Zones, Hotspot Communities, Main Street Maryland Communities, rural villages designated in county comprehensive plans), or applicants that include community revitalization plan for neighborhood or letter from local planning department or zoning board confirming the property's location in a revitalization area and that the property contributes to plan in place for the area.

There is a $15,000/apartment rehabilitation threshold, but the Department may waive this if there is a strong need for preservation in the area of the proposal or if affordable apartments will be lost if the property in question is not financed using Department funds.

Allocations: By Spring 2005, Maryland provided financial assistance that includes more than $1.77 million in tax credits and $2.25 million in State loan funds to three properties that will preserve 277 apartments. In 2004, Maryland awarded more than $626,000 in tax credits and almost $1.29 in state loan funds to preserve 2 properties with 94 apartments. In 2003, the state awarded $3 million in tax credits and $6.8 million in loan funds to preserve 7 properties with 545 apartments. Properties requesting 9% credits and State soft loans are awarded funds on a competitive basis.

Private Activity Bonds with 4% Credits

With the substantial amounts of volume cap available in Maryland, the state has done significant acquisition and rehab financing for older assisted properties.

Allocations: Over $150 million in bond cap is available to assist multifamily properties in calendar year 2005. DHCD issued approximately $71 million in volume cap for multifamily financing in 2004. Due to sufficient bond cap, Maryland assists preservation properties on a first come, first served basis. Since January 2005, DHCD has assisted three properties with tax exempt bond financing. Of this number, two properties will preserve 302 apartments with financial assistance of $900,000 in 4% credits and $19.8 million in tax exempt bonds. In 2004, preservation activity included 449 apartments in 3 properties and a funding award of $1million in 4% credits and $25.5 million in tax exempt bonds. In 2003, DHCD preserved 1,278 apartments in 7 properties and provided $25.5 million in tax exempt financing and more than $3.1 million in 4% credits.

Housing Trust Funds

The Maryland Affordable Housing Trust awards loans or grants of up to $100,000 to help provide housing for households earning less than 50% of area median income. The Fund provides deferred payment loans and grants for capital costs of acquiring, constructing, rehabilitating and preserving affordable rental and ownership housing, such as the purchase of federally assisted housing to guarantee continuation of federal assistance. When being used to acquire affordable properties, all grantees must agree to maintain the property affordable for 15 years to households/individuals at or below 50% of area median income with preference given to households/individuals at or below 30% of area median income adjusted for household size

Montgomery County

The Housing Initiative Fund in Montgomery County prioritized the preservation of federally-assisted properties. According to the Center for Community Change's Housing Trust Fund Project, the fund has preserved the county's entire stock of expiring Section 236 housing (preserving 460 apartments); provided loans to the local housing authority to purchase four 100% project-based Section 8 buildings (preserving 407 apartments); and developed a Memorandum of Agreement with owners of 20% project-based Section 8 properties who were planning to opt-out resulted in the preservation of 309 apartments in 7 privately held Section 8 properties (county provides tax abatement to bridge the gap between the amount HUD pays in rent and market rate rents; provides bridge loans when HUD rent payments are delayed:, reimburses for the cost of market studies and other expenses HUD requires in order to document rent increases; and covers the cost of extraordinary damages to a apartment.

Other Maryland Preservation Initiatives

A large percentage of the preservation properties assisted by CDA are financed with tax exempt bonds under the Multifamily Bond Program (MBP). Many of these properties represent preservation of federally assisted properties in order to preserve the existing project- based rental and interest rate subsidies. Substantial rehabilitation also occurs in order to modernize the apartments. Until 2004, preservation of affordable apartments was one of the four threshold criteria needed to qualify for bond financing with Maryland DHCD. Due to sufficient bond cap to assist preservation properties on a first come, first serve basis and the large number of older properties needing revitalization in geographic markets throughout the State, Maryland removed Preservation as a threshold criteria. They are still able to actively provide financing for Preservation properties and have seen no decrease in activity to date.

Massachusetts

Low Income Housing Tax Credits (9% Credits)

For 2006, 35% of the available allocated credits, after HOPE VI set-asides, are set aside for preservation properties, defined as (1) expiring use restriction properties, (2) "opt-out" Section 8 properties, and (3) other "at risk" apartments located in distressed or foreclosed properties. The minimum property size for the preservation set-aside is eight apartments.

In the 2006 QAP, a property must meet the threshold of demonstrating consistency with the Commonwealth's Principles of Sustainable Development. The first of these 10 principles is to "redevelop first" with specific "preference to redevelopment of brownfields, preservation and reuse of historic structures and rehabilitation of existing housing and schools." The property must either demonstrate consistency with the "Redevelop First" principle, OR with any five of the other principles. The rehabilitation threshold for 9% credits is $35,000 per apartment.

Allocations: In 2005, $6.5 million in federal credits and $5.5 million in state credits were allocated to production applicants, with $4 million of federal credits (and $200,000 of state credits) allocated to 5 preservation properties with 498 apartments. Two of the preservation properties were in the MassHousing portfolio and each received approx. $1 million in federal credits, the maximum permitted in the QAP.

Private Activity Bonds with 4% Credits

Allocations: The state reportedly preserved 2 properties with 147 apartments using almost $800,000 in credits in 2004. In 2003, the state preserved 7 properties with more than 1,000 apartments using more than $6.8 million in 4% credits.

Housing Trust Funds

The guidelines for the Affordable Housing Trust Fund describe how funds "may be used to support the acquisition, development or preservation of affordable housing apartments." The preservation of federally assisted rental housing is specifically discussed: "In accordance with the Statute, properties for the preservation of existing federally-assisted rental housing that have expiring affordable use restrictions are eligible to receive financing. Applications proposing the preservation of federally-assisted rental housing at risk of loss due to mortgage pre-payment, or non-renewal of rental assistance contracts, as set forth in Section 3 of the Statute, shall be evaluated according to the following criteria: 1. Immediacy of risk loss of long-term affordability, taking into account any and all use restrictions; 2. Presence of economic risk, as measured by indicators including but not limited: to market demand, building condition, and level of equity; 3. Availability of other preservation funding resources; and 4. Impact on existing tenants."

While 90% of the properties funded to date have been new construction, in FY 04 and FY05, the fund provided more than $3.1 million for preservation. Of the preservation properties funded, half have been SRO's, with the 2 largest family properties having 68 and 61 apartments.

In another effort, by the end of 2005, 103 communities in MA have adopted the Community Preservation Act CPA. The CPA allows jurisdictions to increase local property taxes to help create and support affordable housing, among other things. Of the more than $115 million in spending thru 2005, approximately $47 million went to a variety of affordable housing properties. An important incentive for localities to pass the CPA is the availability of matching state funds. State CPA 100% matching funds have been distributed in each of the first three matches in 2002, 2003, and 2004. Each distribution represented a 100% match of what communities raised through their local CPA surcharge.

Cambridge

The Cambridge Affordable Housing Trust Fund was created in 1989 to promote, preserve and create affordable housing. In the summer of 2005, the Fund received $8 million from Harvard's Affordable Housing Partnership program. The Trust Fund lends funds to local nonprofit housing development organizations to develop affordable housing and funds CITYHOME, a program created when rent control was terminated in 1995 to preserve and increase affordable rental and homeownership opportunities for low and moderate income residents. According to the Center for Community Change, more than $42 million has been spent through this program to provide financial assistance to low and moderate income condo buyers, nonprofit acquisition of multifamily buildings, incentive for private owners and expanded housing access services. Under the Harvard Initiative, the trust has managed a low-interest loan fund available for affordable hosing development.

Other Massachusetts Preservation Initiatives

For its own agency-financed, Section 8 developments, MassHousing adopted a creative HUD Rent Adjustment Waiver that replaces HUD's "10% rule" with a calculation of initial difference by comparing the existing Section 8 FMR to the original Section 8 Gross Rent at the development. This has resulted in a much better proxy for market rent, keeping existing owners in the Section 8 program.

In 2005, DHCD will have $4 million in MA state housing tax credits. Over five years, the agency will have a total of $100 million to allocate. In 2004, the agency had only $475,800 in state tax credits.

MA's Capital Improvement and Preservation Fund (CIPF) was a state bond funded program that sought to preserve and improve existing privately owned, state or federally assisted affordable rental developments. Prior to its termination, it had preserved 2,600 apartments and committed more than $31 million to affordable housing since 2002.

The Massachusetts Housing Partnership Fund is a quasi-public lender and another source for preservation financing. It has used primary mortgage loans and no additional credit enhancement to do a number of preservation transactions.

Boston

In 2003, Boston's Leading the Way II plan began a 4-year effort to issue building permits for 2,100 affordable apartments and to preserve another 3,000 affordable apartments. By early 2006, the city was reportedly on track to preserve more than 4,300 rental apartments by 2007.

Michigan

Low Income Housing Tax Credits (9% Credits)

In Michigan's 2005-2006 QAP, both funding rounds will consider applications for developments under the "Preservation Holdback." The QAP holds approximately 30% of the annual tax credit authority in 2005 and 2006 for preservation properties. This is an increase from the approximately 20% preservation set aside in the prior QAP. Preservation properties include: Section 236, Section 8, Section 202, Rural Development, MSHDA-financed, HUD-financed, and Low Income Housing Tax Credit. Preservation properties must either: 1) be within two years of any permitted prepayment or equivalent loss of low income use restrictions; or 2) preserve already existing low income apartments provided the rehabilitation will repair or replace components that are in immediate need of repair or substantially functionally obsolete. The owner must agree to maintain the tax credit affordability of the development for a period of at least 30 years. There are additional income targeting requirements and properties with federal assistance must retain the assistance. There are also developer fee, developer overhead, and consultant fee limitations.

In general, for properties involving rehabilitation, the hard construction costs for the rehabilitation of the buildings must not be less than $5,000 per apartment. For properties competing for credit reserved for preservation, the hard construction costs for the rehabilitation of the buildings must not be less than $10,000 per apartment.

Preservation developments will receive 10 points for providing less than a 10% increase in rent over previous levels following rehabilitation and another 10 points for preserving existing project-based tenant subsidies.

Allocations: In 2005, 80% of 2005 credits will be awarded in the April round; and 20% of this year's credit, plus 50% of 2006 credits will be awarded in the September round. In 2004, there were 17 Preservation Holdback applicants for almost $5.3 million. The state made 14 reservations under the Preservation Holdback (964 total apartments) for more than $3.97 million. In 2003, 14 allocations for 909 apartments were made through the preservation holdback for almost $3.1 million.

Michigan has a combined application for the low income housing tax credit, "TEAM" tax-exempt bond lending, 501(c)(3) Preservation Program and the Section 202 and Section 236 Preservation Program.

Private Activity Bonds with 4% Credits

In 2003, MSHDA allocated $120 million in tax-exempt bonding capacity to the Section 236 and Section 202 Preservation Program. The program is used for the acquisition and preservation of affordable housing apartments in developments currently assisted under the federal Section 236 and 202 programs. A minimum of $5,000 per apartment of rehabilitation is required. MSDHA has a portfolio of more than 10,000 Section 236 apartments.

In 2003, Michigan used $75 million in private activity bond cap for their modified pass through program as well as $3.1 million from HOME for preservation.

Allocations: In 2004, MSHDA allocated more than $1.6 million in 4% credits to preserve 5 properties with 692 apartments. In 2003, they awarded more than $2.2 million in 4% credits to 5 properties with more than 1,100 apartments.

Other Michigan Preservation Initiatives

The State of Michigan has created a "Plethora of Preservation Programs" that won a program excellence award from the National Council of State Housing Agencies in the fall of 2002.

MSHDA's "TEAM" tax-exempt bond lending, 501(c)(3) Preservation Program is a loan program for the preservation of affordable housing apartments. The program may be used to acquire market apartments to convert to affordable apartments. Some level of rehabilitation is required.

The "Section 8 Preservation Program" funded with MSHDA internal funds offers owners an equity take-out, interest rate reduction and increased cash flow for waiving their right to opt out.

MSHDA’s new Section 8/Section 202 Preservation Program was announced in August 2005. MSHDA is offering tax-exempt preservation lending to extend the affordability, viability and livability of existing Section 8 and Section 202 developments for a minimum of 35 years. The property if refinanced as part of a new MSHDA tax-exempt first mortgage and program participants will receive 4% housing tax credits. The program is available to all project-based Section 8 developments. The proposals must include at least $5,000 per unit in hard construction costs and tax exempt financing must equal at least 51% of the total development costs.

Minnesota

Low Income Housing Tax Credits (9% Credits)

For 2006, applicants must meet at least one out of five thresholds requirements. One of these minimum threshold requirements is: properties which preserve existing subsidized housing, if the use of tax credits are necessary to (1) prevent conversion to market rate use or (2) to remedy physical deterioration of the property which would result in loss of existing federal subsidies.

The state of Minnesota awards 10 points for the preservation of existing tax credit apartments and 10 points for the preservation of federally assisted apartments, defined as federally assisted low income housing which, due to mortgage prepayments or expiring rental assistance, would convert to market rate use or due to physical deterioration or deterioration of capacity of current ownership/management entity would lose its federal subsidies. There are also 10 points awarded for rehabilitation properties that meet certain minimum criteria, with 2 additional points if the proposal is part of a community revitalization plan.

Up to 18 points are given to an owner that has entered into negotiations with a Local Housing Authority to receive Project-Based Rental Assistance.

Allocations: In 2005, 4 preservation developments received $1.3 million of the $9.4 million in credits available. In 2004, 7 acquisition/rehabilitation properties received $3.5 million of the $8.7 million in credits to preserve 300 apartments. In 2003, the state helped to preserve 2 properties with 92 apartments using $419,000 in tax credits.

Private Activity Bonds with 4% Credits

Allocations: Minnesota had $9.3 million in private-activity, tax-exempt bond cap for rental housing in 2004.

Housing Trust Funds

The Minnesota Housing Trust Fund provides capital financing for the acquisition, construction and rehabilitation of affordable and/or permanent supportive housing. About $4 million provided annually, devoted primarily to physically preserve the existing affordable housing stock as well as the new construction of permanent supportive housing. MHFA also provides rental assistance and/or operating subsidies with this funding source.

Other Minnesota Preservation Initiatives

One of MHFA’s five goals in its 2004-2007 Strategic Plan is to "preserve strategically the existing affordable housing stock." MHFA staff is currently involved in the development of a formal business plan.

MHFA's Preservation Affordable Rental Investment Fund Program (PARIF) is a $9.273 million program subject to biennial appropriations. PARIF is a statewide program that provides low interest-deferred loans to help cover the costs of preserving permanent affordable rental housing with long term project-based federal subsidies that are in jeopardy of being lost. The program provides funds to help cover the costs of acquisition, rehabilitation and debt restructuring of federally assisted developments, as well as equity take-out deferred loans. Eligible developments are those which receive project-based federal subsidies. The subsidies must be at risk of loss within two years, due to owner cancellation, a failing physical inspection and/or diminishing ownership capacity. Since 1998, MHFA's PARIF program has awarded $76 million to 81 developments containing 6,700 apartments.

MHFA also invests its earnings back into housing, devoting $37 million in Agency resources to the preservation of federally-assisted housing in that state.

MHFA uses its HOME funding as well as state appropriations to provide long term deferred no or low interest loans to promote the development or redevelopment of the state’s affordable housing stock. The HOME program’s recent expenditures have concentrated about 40% of it’s funding on Rural Development preservations.

MHFA has a Redefined Equity II program and also a bond refunding program for FAF developments. Both of these programs are very economical ways to provide financial incentives to owners of federally assisted housing in exchange for longer term commitments to remain in the federally assisted programs. Thru the Spring of 2004, MHFA has preserved 31 developments with over 1,400 apartments, with a PV of $94 million in Section 8 payments over the course of the preservation, with no financial outlay to the MHFA.

Mississippi

Low Income Housing Tax Credits (9% Credits)

In the 2006 QAP, the Mississippi Home Corporation will reduce the minimum required score from 75 to sixty-five (65) points for preservation developments that are committed to providing one hundred percent (100%) of the apartments set-a-side for tenants at or below sixty percent (60%) of the county median gross income for forty (40) years or longer.

The 2006 QAP provides 10 points for applicants that are preservation or Hope VI developments, and 5 points to a property that "preserves existing developments serving low-income residents that would be lost due to conversion to market rate, loss of rental assistance, foreclosure or default, and mortgage prepayment. To be eligible, the development must be currently in danger of conversion, foreclosure, or default." In addition, the QAP awards 7 points for applicants with development-based rental assistance for at least 50% of the development's apartments. Also, properties committing to an extended compliance period of 40 years or longer are awarded 5 points.

Allocations: The state forward commits tax credits from the upcoming year's authority. In 2004, one acquisition/rehab property with 100 apartments received $306,777 in 2005 credits. The 2003 properties received $4.9 million in 2004 tax credits, preserving one property with 48 apartments using $63,600 in credits.

Private Activity Bonds with 4% Credits

Allocations: Mississippi has an estimated $112.5 million in statewide private activity tax-exempt bond authority for housing in 2004. The state awarded $2.5 million in tax-exempt bonds to 5 properties. In 2003, MHC provided bond financing for 4 multifamily properties.

Missouri

Low Income Housing Tax Credits (9% Credits)

The non-numerical criteria in Missouri's 2005 QAP include the "preservation of existing affordable housing," as well as rehabilitation of housing that is part of a community revitalization plan.

Allocations: For 2005, MHDC reserved $10.8 million for 30 properties. More than $4 million in credits were reserved for 12 preservation deals with more than 500 apartments. In 2004, the state preserved 12 properties with almost 500 apartments, using more than $3.5 million in credits. In 2003, the state preserved 8 properties with almost 300 apartments using more than $1.3 million in credits.

Private Activity Bonds with 4% Credits

There are no formal selection criteria for bond authority but, according to Affordable Housing Finance magazine, the Missouri Department of Economic Development (DED) has an agreement with MHDC to refer housing properties for evaluation. Preservation of affordable apartments is given equal consideration to new construction. Preservation is eagerly sought in rural areas. Because MHDC has not used its entire bond cap in the last couple of years, the Department of Economic Development gave Missouri a carryover allocation of approximately $60 million in December 2004 specifically for preservation. Much of that was used with 4% tax credits to issue bonds for the preservation or rural developments.

Allocations: By mid-April, 2005, MHDC allocated more than $1.2 million in 4% tax credits to preserve 539 apartments in 4 properties. In 2004, more than $1.88 million in 4% credits helped preserve 672 apartments in 7 properties.

Housing Trust Funds

The Missouri Housing Trust Fund provides grants for the acquisition, construction and rehabilitation of transitional housing, as well as funds for some emergency shelters. The Fund contains between $5 and $6 million per year and is funded with a portion of the recording fees from every real estate transaction in the state. One of the evaluation factors for the Missouri Housing Trust Fund is: "Does the proposal preserve an existing affordable housing structure?"

Other Missouri Preservation Initiatives

The MHDC Rental Housing Production and Preservation Program provides funding to developers for the acquisition and rehabilitation or new construction of rental housing for low and moderate income families. The MHDC funds are typically combined with Low Income Housing Tax Credits to fund affordable rental developments. HOME funds, a donation credit (Affordable Housing Assistance Program, or AHAP), and CDBG are also used as sources with MHDC reserves and the tax credits. Missouri also has a state tax credit, which can be issued in an amount equal to the federal credit. By combining these many sources, MHDC's program provides below market interest rate construction and permanent financing. MHDC approved funding for 41 affordable rental housing developments as part of its Rental Production and Preservation Program in December 2004. The proposals were funded after MHDC staff reviewed 112 proposals submitted as part of the program. The funded developments included 18 properties to be preserved, with more than 1,200 apartments.

During the 2005 tax credit round (Missouri allocated in December 2004 for 2005's 9% credit), the state stretched its funds by allocating MHDC or HOME funds, but no 9% credit, for 4 properties that would work with a bond allocation and 4% credit. According to the State HFA Executive Director, tax credits, HOME or MHDC funds are used for a great number of properties currently funded with RD (rural) mortgages, but in need of preservation. These are done as acquisition, preserving the physical asset as well as the Section 8 HAP contract.

Montana

Low Income Housing Tax Credits (9% Credits)

Montana's 2006 QAP reserves 20% (same as when the set-aside was introduced in 2005) of the available 9% low income housing tax credits for developments for the preservation of existing low income housing, acquisition and/or rehabilitation of housing stock to be converted into LIHTC properties, or vacant buildings to be configured into LIHTC apartments.

The 2006 QAP provides 2 points for properties that propose the preservation of existing federally assisted housing stock or increase the affordable housing stock through the use of the Rural Development 515 program, HOME program, the CDBG program or the FHLB Affordable Housing Program. The QAP also provides up to 4 points for the appropriateness of the property for the area's housing market (rehab. vs. new construction, or addressing vacant buildings). Comparisons will be made with the Market Study to determine how it addresses the considerations for rehabilitation or preservation of existing housing versus need for new construction. The QAP also provides 2 points for existing housing stock or properties applying for rehabilitation tax credits that have completed their initial 15-year compliance period.

Allocations: In 2004, $2.3 million in credits are available. One acquisition/rehab property with 22 apartments was allocated $98,542. In 2003, three acquisition/rehab properties with 116 apartments received $754,284 in credits.

Private Activity Bonds with 4% Credits

Allocations: In 2004, a nonprofit developer received preliminary approval for a multifamily bond issue to finance the acquisition and rehabilitation of 8 Mark-to-Market properties. The bond issue was likely to reach $10 million.

Housing Trust Funds

The Montana Revolving Loan Account for Housing makes direct loans for the acquisition of existing housing for the purpose of preservation of or conversion to low- or moderate-income housing.

Nebraska

Low Income Housing Tax Credits (9% Credits)

In the 2006 LIHTC application Self-Scoring Other Selection Criteria, 3 points (up from 1 in 2005) are given to federally-assisted buildings in danger of having the mortgage assigned to HUD, RD, or of creating a claim on the federal mortgage insurance fund. Two points are available to rehabilitation applicants “that meet the Secretary of the Interior’s Standards for Rehabilitation as interpreted by the National Park Service.”

Allocations: The Nebraska Investment Finance Authority (NIFA) made tax credits reservations for 16 properties in 2004, for a total of more than $3.6 million for 494 apartments. Of those properties, 1 was acquisition/rehabilitation and 3 were rehabilitation properties, totaling almost $1 million for 186 apartments.

Private Activity Bonds with 4% Credits

Allocations: Nebraska expects $238 million in private-activity tax-exempt bond cap for 2005. Approximately $19 million will be available for rental housing.

Housing Trust Funds

The Nebraska Affordable Housing Trust Fund provides loans, grants, subsidies, credit enhancements and other financial assistance for rehabilitation of existing housing.

Nevada

Low Income Housing Tax Credits (9% Credits)

The 2006 QAP provides 2 points for "the acquisition and rehabilitation of at risk properties listed in the National Housing Trust Publication" or if a property "is in an area covered by a state or local revitalization plan/strategy targeting the rehabilitation of existing housing." Rehabilitation developments must demonstrate that the rehab is substantial and involves at least $10,000/apartment in direct hard costs. Acquisition/Rehab, Conversion or Change of Use Properties will be ranked based on the per-apartment rehabilitation investment (hard construction costs/number of apartments in the property). The property with the highest per-apartment rehabilitation investment will receive 10 points, the second highest scoring property will receive 5 points, and the third highest scoring property will receive 1 point.

Allocations: In 2003, Nevada awarded more than $237,000 in tax credits to 2 properties to help preserve 67 apartments.

Private Activity Bonds with 4% Credits

Allocations: Nevada has an estimated $240 million in private-activity tax-exempt bond authority in 2005, up to $100 million of which is likely to be reserved for rental housing. The state preserved 1 property with 532 apartments using 4% credits in 2004.

Housing Trust Funds

The Nevada Account for Low-Income Housing Trust Fund provides grants and loans for multifamily acquisition or rehabilitation, with 85% of money distributed to nonprofit organizations, housing authorities and local governments for the acquisition, construction and rehabilitation of housing for eligible families.

New Hampshire

Low Income Housing Tax Credits (9% Credits)

In New Hampshire's 2006 qualified allocation plan, properties that are located in formally designated community revitalization areas, such as HUD Enterprise Zones, Main Street programs, designated blighted areas, or otherwise targeted areas can receive an additional 2 points for preserving and renovating existing housing. The plan also establishes a minimum rehabilitation threshold of $3,000 per apartment.

Allocations: During the two rounds in 2004, seven properties with 280 apartments received more than $2.25 million in tax credit reservations.

Private Activity Bonds with 4% Credits

Allocations: In 2005, the New Hampshire Housing Finance Agency will reserve $26 million of its tax-exempt bond cap for multifamily development properties. Properties that preserve existing affordable housing will continue to claim more bond cap. In 2003, while $26 million was set aside for multifamily properties, the state allocated $42 million in bonds to three multifamily properties with 340 apartments.

Housing Trust Funds

The 1988 session of the General Court appropriated an initial $4,000,000 for acquisition, development, and preservation of low-income housing. This fund was replenished through program income, tax-exempt bond fees, earnings, and, in 2002, with a state appropriation of $5 million recapitalization of the Fund.

The fund provides flexible financing for use in construction, rehabilitation and acquisition of affordable housing. Funds are typically reserved for below market rate loans or grants to cover financing gaps or fund properties that cannot support debt. Both for and non-profit sponsors are eligible for financing.

New Jersey

Low Income Housing Tax Credits (9% Credits)

The 2006 draft allocation plan includes four "funding cycles". The Final Cycle, with $1,805,000 for 2006, includes a Hope VI set-aside and a preservation set-aside. The second reservation of credits from the Final Cycle will be given to the highest ranking eligible application from a preservation property. The QAP defines a "preservation project" as an existing, currently occupied affordable housing property at risk of losing its affordability controls.

Allocations: The New Jersey Housing and Mortgage Finance Agency (NJHMFA) reserved $13.48 million in tax credits in 2004 for 16 properties with 911 apartments. Of those properties, 4 were rehabilitation properties with a total of 228 apartments receiving $2.95 million.

Private Activity Bonds with 4% Credits

Allocations: NJHMFA expects to use $150 million of the state's estimated $700 million total bond cap to finance rental housing properties in 2005. In 2003, the NJHMFA used approximately $90 million of the state's $644 million in total bond cap to finance 13 multifamily properties. Three of the properties were preservation properties with 377 apartments. The new financing extended affordability an average of 20 years and funded rehabilitation work of over $10,000 per apartment.

Housing Trust Funds

New Jersey's Balanced Housing Program is a trust fund that is funded through real estate transfer taxes. The Balanced Housing Program is funding a new secondary financing program called Home Express in which the state's Department of Community Affairs will provide about $50 million in low-interest, soft financing to tax credit properties in 2004. The program offers up to $25,000 per apartment to properties financed with 9% tax credits. The Balanced Housing Program provides subsidized zero-interest loans for: 1) the rehabilitation of substandard apartments occupied or to be occupied by low-and moderate-income households or 2) assistance to local housing authorities, nonprofit or limited dividend corporations that rehabilitate or restore specified affordable housing.

Other New Jersey Preservation Initiatives

The NJHMFA allocated $20 million from its General Funds to fund a Small Rental Project Preservation Loan Program. The program will be used to stabilize and preserve existing occupied small rental housing properties (with 5-25 rental housing apartments), which require moderate rehabilitation.

NJHMFA provides $15,000 per apartment in HOME funds for preservation properties (9% LIHTC and 4% bond) that quality under their definition of preservation and spend at least $20,000 per apartment in rehabilitation.

The Agency allocated $40 million of reserves to provide a lower than market rate financing. These taxable funds allow a steady flow of dollars into preserving affordable housing and are not reliant on bond funding.

The Agency formed a division of lending whose main focus is financing preservation. The Division of Multifamily Lending currently has a pipeline of 15 properties representing over 3,200 affordable apartments and $50 million in financing.

New Mexico

Low Income Housing Tax Credits (9% Credits)

New Mexico's 2006 QAP awards 15 points to properties preserving affordable housing. These points are awarded to previously subsidized properties in which rents for 75% of the apartments are currently in excess of HTC Ceiling Rents and will be reduced to HTC Ceiling Rents, or for which use restrictions are to expire on or before December 31st, 2008. Rents will be limited to HTC ceilings despite other subsidy rules, except in properties with project based subsidies.

The state also awards 15 points to all rehabilitation properties incurring average rehabilitation hard costs of $10,000/apartment or more. In combined new construction and rehabilitation, rehabilitated apartments must account for at least 20% of the total apartments and the separation of rehabilitation costs and new construction costs should be designated in the application. An additional 15 points is awarded to conversion plus rehabilitation properties that convert at least 50% of the existing market rate apartments to low income apartments.

Existing properties that previously received Tax Credit Allocations and are now eligible for new acquisition tax credits may apply for a current allocation. However, the properties must demonstrate a real risk of loss of affordable apartments and an addition of significant improvements and services to enhance livability for the tenants.

Allocations: New Mexico's reservations in 2004 included more than $1 million for 2 acquisition/rehab properties with 179 apartments (139 of these were conversion from market to affordable). The previous year, the state preserved 1 property with 100 apartments (80 existing conversion from market to affordable, 20 new) using $227,879 in tax credits.

Private Activity Bonds with 4% Credits

Allocations: In 2004, the New Mexico State Board of Finance allocated 8 multifamily properties with bond financing worth $47.6 million (more than 20% of their total allocation), 5 of which were acquisition/rehabilitation properties for a total 1,110 apartments. MFA was bond issuer and provided the credit enhancement on four of those properties. In 2003, the Board allocated $28.8 million in private activity bonds to 8 multifamily properties, 7 of which were acquisition/rehabilitation properties and MFA was the issuer on 6.

New York

Low Income Housing Tax Credits (9% Credits)

The New York State Division of Housing and Community Renewal (DHCR) is the lead Housing Credit Agency for the State of New York. Of the state's total $34.5 million in tax credits for 2005, DHCR expects to have approximately $20 million available for tax credit reservations, up to $2 million of which may be made available for preservation properties. DHCR’s 2005 QAP defines preservation as property being rehabilitated to extend its useful life and is consistent with a public agency work plan or is part of a community revitalization plan and averts the loss of affordable housing. The scope of the rehabilitation must be sufficient for the property to function in good repair as affordable housing for a period equal to at least thirty years and at least fifteen years beyond the remaining term of any existing affordability restrictions.

If a property includes the rehabilitation of any building(s) the acquisition costs of the building(s) may not exceed 25% of the total development costs of the property; unless it is a Preservation Project or the Commissioner has determined that the preservation of the building(s) is in the best interest of the State.

The state's remaining $14 million in credits for 2005 are suballocated to the New York State Housing Finance Agency, the New York City Department of Housing Preservation and Development (HPD) and a rural housing agency, the Development Authority of the North Country.

Allocations: Historically, demand for 9% tax credits has outpaced supply, with demand exceeding supply by 3 to 1 in 2004. The state's most oversubscribed set-aside was for properties that preserve existing affordable housing.

New York City

One of the stated housing needs in the 2005 QAP is "projects that attract or retain Federal, state, and local subsidies”. To this end, up to 15 points may be awarded in the "Project Financing and Development Costs" category of the Competitive Criteria, which includes properties that attract or retain local, state, and/or Federal project-based subsidies. In addition, in the "Project Characteristics" category, up to 15 points may be awarded for rehabilitation properties that are part of a community revitalization plan.

Allocations: The demand for tax credits in New York City increased in 2004. By August 2004, the Department of Housing Preservation & Development had reserved $5 million in tax credits for 18 properties, with $3.9 million financing substantial rehabilitation properties.

Private Activity Bonds with 4% Credits

Administered by HFA, the $140 million Housing Opportunities and Preservation in the Empire State (HOPES) program in New York State is a set-aside of private activity bonds with 4% credits for preservation. Funding includes $100 million of the state’s tax-exempt bond cap, plus $40 million in 4% low income housing tax credits. Section 202, Section 8 and Mitchell Lama properties are all eligible for HOPES.

Allocations: HFA has one of the most active tax-exempt bond programs to preserve affordable housing in the nation. The agency will provide approximately $125 million to preservation properties in 2004. By the end of 2004, HFA expects to reserve $458.3 in bond cap for 18 multifamily properties. In 2003, New York allocated $750 million of its $1.5 billion in private activity bond cap to multifamily housing.

New York City

New York City receives a separate suballocation of the State’s tax-exempt bonding authority. The New York City Housing Development Corporation (HDC) is authorized to issue tax-exempt bonds for the development of multifamily housing. HDC does not provide a special priority or set aside for the preservation of federally assisted housing.

Allocations: In the first half of 2004, HDC allocated $112.2 million. In 2003, the agency provided $289.6 million to 11 properties, with two of those properties substantial rehabilitation of existing buildings.

Housing Trust Funds

New York City

In the summer of 2005, Mayor Bloomberg proposed the creation of an affordable housing trust fund that would use Battery Park City funds to build and preserve affordable housing. The Trust Fund would generate $130 million in revenue to help create or preserve an estimated 4,500 affordable apartments over the next 4 years.

Other New York Preservation Initiatives

New York City

In February 2006, Mayor Bloomberg announced the expansion of his 5-year New Housing Marketplace Plan to include a 10-year commitment to build and preserve 165,000 affordable apartments. The plan includes new tools to spur private investment in affordable housing including initiatives to preserve existing affordable apartments. A major element of the city’s preservation strategy is the creation of a $200 million revolving loan fund with city and foundation guarantees that will give developers the cash to acquire privately-owned buildings without having permanent financing commitments in hand. This allows mission-oriented developers to compete in NY’s string housing market and will spur the preservation of assisted rental apartments.

North Carolina

Low Income Housing Tax Credits (9% Credits)

In the 2006 QAP, NCHFA is permitted to allocate tax credits outside of the normal process to properties that meet one of five requirements including preventing the loss of federal investment.

North Carolina's 2006 QAP includes a rehabilitation set-aside that will award the lesser of either 20% of the state's total federal tax credit ceiling or the amount required for 10 properties. Rehabilitation properties are not eligible for tax credits other than in this set-aside. To be eligible for the rehabilitation set-aside, a property must have either mortgage subsidies from a local government in excess of $5,000 per unit or have federal project-based rental assistance for at least 30% of the total apartments. The state requires rehabilitation expenses in excess of $15,000/unit.

Shortcomings in some of the criteria used to evaluate proposals will be mitigated to the extent that a tax credit allocation is necessary to prevent conversion of apartments to market rate rents or the loss of government resources (including past, present and future investments).

Allocations: In 2004, the state received 155 applications for $54 million, more than triple the amount of credits had to allocate. NCHFA awarded almost $15.3 million in credits to 45 properties with 2,446 apartments. Of these properties, more than $3 million in federal tax credits were awarded to 9 rehabilitation properties with 687 apartments. An additional $8.5 million in state tax credits were awarded to those rehab properties.

Private Activity Bonds with 4% Credits

In 2006, North Carolina will allocate the multifamily portion of the state's tax-exempt bond authority in the following order of priority: 1. Properties that serve as a component of an overall HOPE VI revitalization effort, 2. Rehabilitation properties, 3. Adaptive re-use properties and 4. Other new construction properties. Applications will only be allocated bond authority if there is enough remaining after awarding all eligible applications in higher priority levels.

Allocations: An estimated $75 million will be set aside in 2004 for rental housing. In 2003, six properties were awarded tax-exempt bonds including three rehabilitation properties with a total of 357 apartments and $782,440 in federal tax credits and $16.5 million in bond volume.

Housing Trust Funds

The North Carolina Housing Trust Fund provides loans, grants and interest reduction payments for activities including rehabilitation of sub-standard housing apartments. The fund channels money to eligible applicants through the other state programs (i.e. rental housing programs). At the end of 2005, the North Carolina Housing Trust Fund received more than double the funds previously committed through annual appropriations.

North Dakota

Low Income Housing Tax Credits (9% Credits)

The 2006 QAP sets aside 10% of the state's housing credit ceiling for applications involving preservation of existing affordable housing properties. Both acquisition with rehabilitation and rehabilitation-only applications are eligible under this set-aside.

Rehabilitation expenditures, which exceed the greater of an average of $3,000 per low-income apartment or 10% of the depreciable basis, are treated "as a separate new building". Effectively, this means that, substantial rehabilitation carried out by a new owner, a credit of 30% present value is available on the acquisition cost and 70% present value is available on the rehabilitation cost, assuming that no tax-exempt financing or other federally subsidized loans are used. If the property does not change hands, the current owner can receive the substantial rehabilitation credit (30% or 70% as applicable) only on the rehabilitation work, so long as the costs are the greater of $3,000 per apartment or 10% of the basis. To assure meaningful rather than cosmetic rehabilitation, NDHFA has chosen to exceed the requirement set forth in the Tax Code and has established a minimum rehabilitation threshold of $7,500 per apartment in hard construction costs.

NDHFA will waive the $7,500 minimum rehabilitation threshold requirement if a capital needs assessment supports a lower rehabilitation requirement.

10 points are awarded for federally assisted properties, including existing Housing Credit properties currently serving low income residents which are "at-risk" of being lost from the state's affordable housing inventory were not tax credits allocated. Rural properties receiving no federal subsidy will receive 15 points. Rural properties funded with a federal subsidy (such as from USDA's RHS) with a project-based rental subsidy are awarded 5 points and those without a project-based rental subsidy are awarded 10 points.

In the Property Rehabilitation category, properties with rehabilitation expenditures of $7,500 up to $25,000 per apartment receive 5 points, those with rehabilitation expenditures of $25,000 or more per apartment receive 10 points, and properties undergoing rehabilitation of existing housing that is a part of a community revitalization plan will receive additional 3 points.

Allocations: In 2004, more than $550,000 in tax credits were reserved for 3 acquisition/rehab and rehabilitation properties with more than 73 apartments. One of those properties was funded under the preservation set-aside. In 2003, more than $411,000 in tax credits were reserved for 3 acquisition/rehab and rehabilitation properties with 100 apartments.

Ohio

Low Income Housing Tax Credits (9% Credits)

In the 2006 QAP, $5 million (approximately 25% same as 2005 and up from 15% in 2004) of the low income housing tax credits are set aside in a "preservation pool," which is further divided into $4 million for urban and suburban proposals and $1million for rural applicants. Properties that are eligible for the preservation pool include the following: a) Properties receiving project-based rental subsidy through a Section 8 Housing Assistance Payment Program (HAP) contract that is due to expire on or before December 31, 2007; b) Troubled properties that have received assistance through the USDA Rural Development (RD) office; c) Properties participating in the HUD Portfolio Reengineering Program (so-called Mark to Market) or properties that have closed their financing under this program since March 1, 2001; d) HUD Section 202 or 811 properties placed-in-service prior to 1979; e) Existing HUD Section 236 properties; or f) Properties that received a previous allocation of Housing Credits between 1987 and 1994 and were later completed and placed in service.

All properties in the Preservation Pool must receive a score of 85 or higher in order to receive a reservation in the Preservation Pool. If a property scores below 85, it may only compete in the General Pool.

Allocations: In 2004, 17 preservation properties with a total of 992 apartments were awarded more than $6 million in credits. In 2003, the state preserved 16 properties with more than 1,400 apartments using more than $8.1 million in credits.

Private Activity Bonds with 4% Credits

Allocations: Ohio will allocate $100 million for rental housing out of the state's 2005 private-activity tax-exempt bond cap of $920 million. For many years, supply has been greater than demand. In 2004, 10 multifamily properties were preserved with almost 2,100 apartments using $3.2 million in 4% credits. In 2003, Ohio preserved 27 properties with almost 4,700 apartments using $7.5 million in 4% tax credits.

Housing Trust Funds

The Ohio Housing Trust Fund funds for housing activities that benefit very low-income households, including predevelopment costs, rental assistance, housing counseling, handicapped accessibility modifications, rehabilitation, home repair and new construction. In 2003 and 2004, these funds were available to all competitive applicants seeking 9% credits and, in 2004, funds were available for preservation bond applicants. The funding level for the Trust Fund is expected to increase from approximately $45 million to $53 million for FY 2006 and 2007.

Oklahoma

Low Income Housing Tax Credits (9% Credits)

The 2006 application packed details scoring in which five points will be awarded to those applications proposing the acquisition and substantial rehabilitation of affordable housing apartments originally constructed prior to 1990.

The draft 2007 QAP also specifies that rehabilitation applicants must meet a threshold of $7,500 in hard construction costs per apartment.

Allocations: Oklahoma's 2004 tax credit allocations for Round 1 totaled 11 properties with 504 apartments costing more than $3.5 million. Of those, 4 were acquisition/rehab properties with 158 apartments and more than $966,700 in credits awarded.

Oklahoma's 2003 tax credit allocations for both Round 1 and Round 2 totaled 20 properties with 1,059 apartments for almost 6.8 million. Of that total, 6 properties were acquisition/rehabilitation properties with 160 apartments that received $798,277 in tax credits.

Private Activity Bonds with 4% Credits

Allocations: In 2003, Oklahoma preserved 4 properties with 99 apartments using $298,277 in 4% tax credits.

Housing Trust Funds

The Oklahoma Housing Trust Fund offers loans for acquisition and rehabilitation. However, the Fund was not funded in 2004.

Oregon

Low Income Housing Tax Credits (9% Credits)

In the 2005-2006 Qualified Allocation Plan, the state maintains its 25% set-aside for preservation properties (note that the amount of 9% tax credits actually used for preservation in 2004 was 40%). Preservation properties include but are not limited to those federally financed existing properties where at least 25% of the property's apartments have project based rental assistance or are expiring LIHTC which are currently offering rents below market. Properties participating in, but limited to the following programs, are considered federally financed: HUD, USDA Rural Development, and the Federal LIHTC programs. Preservation properties also include properties participating in programs that include the replacement of existing affordable housing apartments including the HOPE VI program.

Allocations: In 2004, the state reserved more than $2.5 million in 9% tax credits for preservation (40% of the state's total authority). In 2003, Oregon preserved 4 properties with 386 apartments using more than $873,000 in tax credits.

Private Activity Bonds with 4% Credits

Allocations: Approximately 40% ($124.5 million) of the state's 2004 total bond cap was allocated to Oregon Housing and Community Services (HCS). Of that, HCS will use as much as $100 million for multifamily housing. In 2004, HCS preserved one property with 144 apartments and an additional 6 properties with 194 apartments in 2003.

Housing Trust Funds

The Oregon Housing Development Grant Program provides grants and loans for new construction, rehabilitation and/or acquisition of low- and very low-income housing apartments. Since 2002, this program has earmarked more than $1 million for use in conjunction with low-interest bond financing for the preservation of affordable housing.

Other Oregon Preservation Initiatives

Portland

The City of Portland requires owners to provide a 210 day notice of intention to opt out of a Section 8 contract and specifically mention that the City may issue condemnation proceedings to pay the owner fair market value if the City chooses to do so. During this time, the owner may not take action that would preclude the City of Portland from succeeding under the HUD contract or negotiating purchase of the building. The process is complex, requiring at least 2 appraisals of the property. In order to effectuate the ordinance, the City has established a Preservation Line of Credit (agreement with a local lender) that provides short-term resources to complete the transaction within 120 days.

The City of Portland prioritizes HOME, CDBG and tax increment dollars for preservation of Section 8 housing. The City is also exploring a proposed regional real estate transfer tax for preservation capital.

Pennsylvania

Low Income Housing Tax Credits (9% Credits)

The 2006 QAP continues to include a 20% set-aside (same as 2004 and 2005; up from 10% in 2003) for the preservation for "at risk" developments defined as within 2 years of prepayment or contract expiration, with a "likely conversion to market rate housing or equivalent loss of low income use restrictions." This set-aside may also be used for rehabilitation of existing low-income apartments provided that the rehabilitation will repair or replace major systems and components that are 1) in immediate need of repair or replacement; or 2) functionally obsolete or require modification or enhancement to meet new applicable federal, state or local housing or building code requirements. In addition, there must be a legitimate lack of sufficient and available, unrestricted property reserve funds or capital to provide for the necessary capital improvements. Developments must expend for rehabilitation a minimum of $10,000 per unit in construction costs on major systems and components. The preservation set-aside may also be used for the rehabilitation of already existing low income apartments provided that the rehabilitation is being funded through the Agency and the development will be monitored through an Agency preservation program.

Allocations: In 2005, PHFA awarded more than $2.4 million in tax credits to 6 rehab properties with 253 apartments. Of those, 2 properties were awarded more than $1.6 million in tax credits under PHFA's preservation set-aside. After increasing the dollars each tax credit deal could receive in 2004, PHFA received nearly double the amount of applications. More than $3.4 million was awarded under the preservation properties. More than $11.2 million was awarded to all rehab and acquisition/rehab properties for 26 properties with 2,109 apartments.

Private Activity Bonds with 4% Credits

In the past several years, PHFA has had substantial bond cap available for 4% LIHTC properties that has not been utilized. The bond program typically funds a few multifamily properties each year, totaling approximately $50 million. Qualified properties tend to receive allocations, with HOPE VI and preservation deals commonly receiving allocations.

In 2006, PHFA is making $1 million of its PennHOMES funding into a special set-aside for properties that are allocated tax-exempt bond volume cap from PHFA. PennHOMES is PHFA's primary soft financing program available to developers constructing or rehabilitating affordable apartments. PennHOMES funds are a combination of federal HOME funds and PHFA reserves.

Allocations: Applications are accepted on a first come, first serve basis after October 7, 2005 and may be accepted up to August 1, 2006.

Housing Trust Funds

Philadelphia

More than 60 organizations in Philadelphia endorsed a housing trust fund proposal released on October 21, 2003. According to the Center for Community Change, the trust fund's primary mission will be to support housing production--both rehabilitation and new construction--by nonprofit community development organizations, including partnerships with for profit developers. Supporting housing preservation will also be an important purpose of the housing trust fund. While the proposal still needs to secure both state legislation and the city's approval, Philadelphia Mayor John Street is on record in support of the concept of a housing trust fund. That fund was approved in January 2005.

Other Pennsylvania Preservation Initiatives

Predevelopment Loan Funds: The Pennsylvania Housing Finance Agency has partnered with the National Housing Trust Community Development Fund to provide financial assistance to qualified nonprofit corporations seeking to purchase and preserve low and moderate income developments throughout the Commonwealth. PHFA has also partnered with the Local Initiatives Support Corporation to provide predevelopment financial assistance to qualified preservation developments in Philadelphia.

Rhode Island

Low Income Housing Tax Credits (9% Credits)

Rhode Island Housing’s 2006 QAP does not have a strict set aside, but the local criteria includes the “preservation of affordable rental housing threatened by expiring federal subsidies or eligibility for prepaying subsidized mortgages” as a general need.

For a building to be substantially rehabilitated, the expenditures during any 24-month period must be at least the greater of: (a) 10% of the depreciable basis of the building determined as of the first day of the 24-month period; or, (b) an average of $3,000 per low income apartment. Exceptions may apply for properties acquired from government entities and "expiring use" properties. Rhode Island may also provide an exception to their 10 year placed in service restriction for expiring use properties.

One of the comparative criteria in the 2006 QAP states that priority will be given to properties involving the substantial rehabilitation of deteriorated residential properties (substantial rehabilitation entails construction/rehabilitation costs in excess of 50% of replacement value).

Allocations: Usually, but not exclusively, the Agency endeavors to allocate 9% credits for new production and the 4% credits that come with private activity bonds are typically used for preservation and/or mixed income deals.

Private Activity Bonds with 4% Credits

The Rhode Island Housing and Mortgage Finance Program has experienced an increase in the a state program that uses tax exempt bonds and 4% tax credits to preserve the affordability of Section 8 properties with Rhode Island Housing mortgages. These properties must stay affordable for up to 40 years beyond the expiration of the current affordability restriction. In exchange, owners of pre-1980 deals receive access to half of the property residual receipts account. The remainder goes to a state affordable housing trust fund.

Allocations: Rhode Island Housing anticipates it will provide bond financing primarily to preserve existing Section 8 housing in 2005. By May 2005, the agency preserved 5 properties with 470 apartments with more than $183,000 in 4% credits.

In 2004, Rhode Island Housing used more than $568,000 in 4% credits to preserve 7 properties with 833 apartments. In 2003, Rhode Island Housing used proceeds of three bond issues totaling $90 million to preserve the affordability of 18 Section 8 developments with expiring contracts, preserving more than 1,874 apartments.

Housing Trust Funds

Proceeds from the residual receipt accounts from preservation transactions are deposited in a Housing Trust Fund. In some instances, the Corporation will make loans from the Trust Fund to borrowers to ensure the preservation of the property. Depending on the transaction, the loan may be amortizing or it may be repaid through available cash flow.

Other Rhode Island Preservation Initiatives

Rhode Island Housing finances "the purchase of or re-finance of existing Section 8 apartments in exchange for extending the affordability restrictions beyond the term of the original HAP contract. This program also can give Section 8 owners access to a property’s residual reserves."

RIH's Preservation Program is intended to provide owners or buyers of Section 8 developments with incentives to maintain these developments as quality affordable housing for a period of 40 years beyond any current use restrictions. Certain procedures are established to obtain the RIH's approval of mortgage loans, additional financing, distributions of residual receipts, and the allocation of tax credits, which are intended to further these objectives. The primary sources of financing are tax-exempt bonds, proceeds from the sale of 4% LIHTC’s and the development’s existing reserves. Taxable loans are also available if owners choose to refinance without a sale.

South Carolina

Low Income Housing Tax Credits (9% Credits)

For 2006, the South Carolina State Housing Finance and Development Authority (SHFDA) reserved up to $500,000 of the state LIHTC ceiling for the exclusive use of eligible RHS developments. Up to 25% of the funds remaining, after deducting the RHS set-aside from the annual credit ceiling, may be used for rehabilitation developments. This set-aside is for 100% rehabilitation developments only.

Allocations: In 2004, South Carolina awarded tax credits to 20 properties, 3 of which were acquisition/rehabilitation properties with 248 apartments.

Private Activity Bonds with 4% Credits

Allocations: South Carolina preserved 3 properties with 550 apartments with $926,000 in 4% tax credits in 2003.

South Dakota

Low Income Housing Tax Credits (9% Credits)

South Dakota's 2006-2007 QAP indicates the state will allocate 60 percent of the total annual tax credits available for rehabilitation and/or acquisition and rehabilitation properties and 40 percent for new construction. The QAP specifically states "an analysis will be made to determine the risk of prepayment or opt out of any existing federal rental subsidy contract (e.g., HUD Section 8 contract) and therefore the risk of losing affordable housing supply. Those properties that are financially feasible are located in a market with substantiated need and indicate the greatest risk for converting to market-rate housing will be given priority for funding." Properties involving existing development receive 50 points while new construction properties receive up to 10 points.

At a minimum, substantial rehabilitation costs must be $10,000 per unit or 10% of the original basis, whichever is greater. Where competition exists, SDHDA will give preference to applicants where rehabilitation costs are at least 40% of the total costs to receive 9% credit and at least 20% of the total costs to receive 4% credit.

Allocations: In 2004, SDHDA reserved more than $1.7 million in tax credits for 5 developments with 247 apartments. In 2003, SDHDA preserved 5 properties with 86 apartments with almost $620,000 in tax credits.

Private Activity Bonds with 4% Credits

Allocations: South Dakota will have $240 million in tax-exempt private-activity bond financing in 2005, with rental housing receiving $25 million. In 2004, SDHDA provided $3.3 million in bond financing for one multifamily property.

Tennessee

Low Income Housing Tax Credits (9% Credits)

For 2006, Tennessee has created a new rehabilitation set-aside of up to 10%. Up to 35 points are provided in the 2005 QAP for rehabilitation developments involving replacement of major building components as identified in the physical needs assessment. Developments involving the use of existing housing as part of a community revitalization plan receive 1 point.

A development which is part of a restructuring pursuant to the Multifamily Assisted Housing Reform and Affordability Act of 1997 (Mark to Market) remains eligible to apply for 9% tax credits in an amount which would not produce syndication proceeds in excess of 17% of rehabilitation costs required under that program.

Allocations: The state had $10.9 million in total tax credit authority in 2004. A total of more than $9.9 million was allocated to 23 properties with 1,622 apartments. In 2003, THDA awarded more than $217,000 in tax credits to preserve 2 properties with 41 apartments.

Private Activity Bonds with 4% Credits

THDA's initial draft of the 2005 Multifamily Tax-Exempt Bond Authority Program Description indicates that $150 million in tax-exempt bond authority will be authorized. The draft indicates that THDA will allocate up to $15 million in multifamily tax-exempt bond authority per development for developments involving conversion and/or acquisition. Eligible developments include acquisition and rehab developments with rehab hard costs equal to at least 20% of building acquisition costs.

Allocations: THDA awarded tax exempt bond authority to 6 rehabilitation properties with 1,002 apartments in 2004. In addition, 7 properties with 744 apartments were preserved with more than $1.1 million in 4% tax credits.

Other Tennessee Preservation Initiatives

On June 22, 2005, Governor Phil Bredesen signed into law SB 2310 which allows any financial institution a credit against its franchise and excise tax obligations when qualified loans, qualified investments, grants or contributions are extended to eligible housing entities for engaging in eligible low income housing activities. Eligible activities include the creation or preservation of affordable housing for low income households. The amount of the credit is equal to 5% of a qualified loan or qualified long term investment or an amount equal to 10% of a qualified low-rate loan, grant, or contribution. The program is administered by THDA in cooperation with The Tennessee Department of Revenue. THDA will certify the housing entity and activity as being eligible to receive the tax credits. TDoR will award the tax credits to the financial institutions.

Texas

Low Income Housing Tax Credits (9% Credits)

The Texas Department of Housing and Community Affairs (TDHCA) apportions tax credits among the certain specified geographic regions based on each region's need for housing assistance. In the 2006 QAP, at least 15% of the allocation to each region is set aside for "at-risk" developments. To be eligible, subsidized properties include those insured under the HUD Section 221(d)(3) and (5), Section 236, Section 202, Section 101; those provided subsidies via project-based Section 8 programs; USDA Section 514, 515, 516; and Section 42 of the IRS Code. The property's contract providing the subsidy must be nearing expiration (within two years of July 31 the year application is submitted), or the mortgage must be eligible for prepayment or nearing the end of its mortgage term. Developments must be at risk of losing all affordability on the site and properties must renew or retain any federal assistance for which they remain eligible. TDHCA allows expiring tax credit properties to apply under the "at risk" set-aside.

In the event of a tie, applications involving any rehabilitation of existing apartments will win this first tier tie breaker over applications involving solely New Construction.

Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum unit restrictions.

Rehabilitation developments must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least $12,000 per unit in direct hard costs unless financed with TX-USDA-RHS in which case the minimum is $6,000.

The 2006 QAP also states that the "Board may utilize the forward commitment authority to allocate credits to TX-USDA-RHS Developments which are experiencing foreclosure or loan acceleration at any time during the 2006 calendar year, also referred to as Rural Rescue Developments." No more than $350,000 in credits will be forward committed from the 2007 credit ceiling for these development.

Allocations: Demand for 9% tax credits more than doubled the supply available in 2004. In 2004, 76 properties received more than $40.2 million in tax credit reservations. Of the $40.2 million reserved, more than $10 million went to 25 acquisition and rehabilitation properties (all but 2 of which were awarded tax credits under the "at-risk" set-aside) with a total of 2,605 apartments. In 2003, TDHCA awarded almost $3.4 million in tax credits to help preserve 16 properties with almost 1,400 apartments.

Private Activity Bonds with 4% Credits

20% of the multifamily cap is reserved for TDHCA thru August 15, 2004. The Texas State Affordable Housing Corporation will receive 10% and the remaining 70% of the multifamily cap is reserved for local issuers until August 15. TDHCA moved from a strict lottery system to a merit-based system in 2004.

Allocations: Texas will have $1.8 billion in total private-activity bond authorization in 2004, with multifamily housing receiving about 22% of the state ceiling (almost $400 million). Of that amount, 20% is made available to TDHCA, 10% to the Texas State Affordable Housing Corp., and the remaining 70% to local issues. By the end of May 2004, TDHCA had allocated approximately $2.9 million. In 2003, TDHCA awarded private activity bonds and almost $2 million in 4% tax credits to preserve 5 properties with 1,123 apartments.

Housing Trust Funds

TDHCA's Housing Trust Fund had $2 million available in 2004 for grants and loans to finance, acquire, rehabilitate, and develop safe, decent and affordable rental housing for low, very low, and extremely low income individuals and families.

Other Texas Preservation Initiatives

TDHCA maintains lists of affordable housing portfolios on its website and classifies each property by its priority for being preserved. In addition, their website provides a bulletin board that allows affordable housing property owners interested in selling their properties to get in touch with potential buyers interested in maintaining affordable housing.

TDHCA's demonstration program, the Multifamily Housing Preservation Incentives Demonstration Program, finances existing multifamily rental properties which have previously been financed or subsidized through a state or federal housing program, and which are encumbered by regulatory restrictions to provide housing for families of low, very-low, or extremely low income. Eligible activities include acquisition, rehabilitation, acquisition and rehabilitation, or new construction for the purpose of replacing existing or previously existing multifamily properties. The maximum application amount is $20,000 per rental apartment, not to exceed $1,000,000 in total.

TDHCA also drafted a proposed qualified contract policy in the summer of 2005 to assist owners of post-1989 LIHTC properties that want to exit the program after the initial 15-year compliance period. The proposal would allow owners at the end of the 14th year of the compliance period to ask TDHCA to help find a buy for the property at the qualified contract price. If TDHCA cannot find a buyer in a year, the extended-use commitment would expire, although the three-year federally mandated transition period would remain.

Utah

Low Income Housing Tax Credits (9% Credits)

In the 2006 QAP, Utah sets aside 65% of the Credit Ceiling Amount into a general pool and this pool is divided into three sub-pools, new construction, rehabilitation and preservation. The preservation pool is to encourage the preservation of HUD or RD 515 properties and is only available to those properties with project-based rental assistance maintaining a HUD Housing Assistance Program or RD 515 rental assistance contract. The rehabilitation pool is used to encourage the rehabilitation of existing buildings in all areas of Utah.

Utah awards 5 points to properties that rehabilitate the existing housing stock and maintain rents at or below the rent levels before negotiations were entered into for the Housing Credit Application. This is only available to substantial rehabilitation properties that maintain or lower targeted rents below those paid by the current tenants and to preservation properties that maintain rent levels. The state also awards 5 points to properties that involve the use of existing housing as part of a Community Revitalization Plan.

Rehabilitation costs vary, depending on the age of the building. For properties built before 1940, the range of the cost per unit is $25,000 - $30,000. For properties built between 1940 and 1970, the range of the cost per unit is $16,000 - $25,000; For properties built between 1970 – 1990, the cost per unit us $12,000 - $16,000; for properties built since 1990, the cost per unit is $7,500 - $12,000.

According to UHC, no preservation proposal has ever been denied an allocation (as of August 2005), nor have any rural preservation proposals or expired pre-1990 tax credit properties. Almost all regular acquisition and rehabilitation applicants have received credits.

Allocations: In 2005, 4 rehabilitation properties with 192 apartments were awarded more than $821,000 in federal tax credits.

In 2004, Utah awarded more than $483,000 in tax credits to 3 rehabilitation properties with 97 apartments.

Another 7 properties with 460 apartments were preserved in 2003 with more than $1.3 million in tax credits.

Private Activity Bonds with 4% Credits

Allocations: In 2004, the Small Issue Account (multi-family affordable housing and manufacturing facilities) has a volume cap of more than $56 million, 24% of the total volume cap.

The state awarded $3.3 million in 4% credits to 12 bond financed multifamily properties in 2003. By mid-2004, $14.2 million had been allocated to multifamily housing bonds.

Housing Trust Funds

Utah's Olene Walker Housing Trust Fund prioritizes gap financing to preserve at risk federally subsidized properties. According to the Center for Community Change's Housing Trust Fund Project, nonprofit developers are funded to buy and manage properties where owners are opting out or prepaying mortgages of federal project-based section 8 properties. They are also monitoring potential rent increases to market rate on LIHTC properties with lapsing rent restrictions. In 2004, the fund helped preserve 4 preservation properties with 157 apartments.

Vermont

Low Income Housing Tax Credits (9% Credits)

The third of four evaluation criteria in the 2005-2006 allocation plan states that "Preference must be given for the acquisition and rehabilitation of existing federally subsidized properties, where the preservation of a project's existing affordability is at risk." Federally subsidized and at risk is defined as a development currently occupied by low-income households that faces, within the next five years: 1) a loss of deep rental assistance or other operating subsidy; and 2) faces prepayment of its mortgage or other action by its owner that would terminate federal low income use restrictions. In addition, any property that is slated to receive federal funding specifically for the preservation of the apartments as affordable housing. Examples include but are not limited to RD 515, Section 8, Section 23, Section 236, and Section 221(d)3.

All rehabilitation developments must plan on performing a substantial rehabilitation such that all of the long-term capital needs that have been identified in the Capital Needs Assessment will be addressed. In most cases this amount of rehabilitation will exceed the minimum required by the Code, which is $3,000 per unit.

Allocations: For 2004/2005 (VHFA combined the 2004 and 2005 rounds of competition into a single two-year round), VHFA allocated tax credits to 8 properties, including 1 rehabilitation property with 10 apartments and another acquisition/rehab property with 20 apartments.

Competition for tax credits in the state increased in 2003. Allocations included $626,000 for 2 rehabilitation and 1 acquisition/rehab property with a total of 143 apartments.

Private Activity Bonds with 4% Credits

Allocations: In 2004, VHFA allocated $711,450 in 4% credits to preserved 8 properties with 119 apartments. In 2003, VHFA preserved 3 properties with 72 apartments using private activity bonds and almost $189,000 in 4% tax credits.

Housing Trust Funds

The Vermont Housing and Conservation Trust Fund provides loans and grants for acquisition, rehabilitation and construction of affordable housing, including rental housing.

Other Vermont Preservation Initiatives

VHFA has continued efforts to redefine its relationship with property owners and partnerships that are facing an ever-increasing income tax burden. Where possible, this has led to Preservation Agreements that provide increased return on equity and access to cash including additional loans. In exchange for these incentives, owners must agree to honor the full term of the Housing Assistance Payments (HAP) Contract and VHFA mortgage. The Agency also secures an Option to Purchase and, in most cases, receives a commitment to extend the affordability of apartments should any rental assistance be available at the expiration of the HAP contract.

VHFA has also been able to facilitate the sale and transfer of some properties to nonprofits or tax credit partnerships. In these transactions, at least 30 years of additional affordability is guaranteed beyond the HAP contract and often, energy conversions and other physical improvements are made to the property. In all preservation decisions, VHFA's actions are guided by a commitment to secure the longest term of affordability in exchange for gaining access to public funds and below market financing.

The Agency has also worked closely with Vermont's congressional delegation on efforts to introduce legislation that would offer to reduce the capital gains tax due when an owner sells their property to someone who agrees to an extended commitment of affordability.

In the Agency's activities with respect to non-VHFA portfolio preservation efforts, VHFA has used any and all resources available in order to maintain and improve Vermont's assisted inventory.

This program has evolved with the changing times and use of any of these resources has been guided by a commitment to secure the longest term of affordability for the maximum number of apartments. According to state housing officials, in all but one case of the 10 properties (920 apartments) preserved under the Agency's program, nonprofit ownership has been a central ingredient to these preservation transactions. The emergence of Vermont's statewide nonprofit housing development and management network played an important role in the creation of local partnerships that have been critical to the success of these nonprofit acquisitions.

Virginia

Low Income Housing Tax Credits (9% Credits)

For 2006, Virginia awards 20 points to developments subject to HUD's Section 8 or Section 236 programs or Rural Development's Section 515 program.

In addition, 10 points are awarded to developments receiving new project-based subsidy from HUD or Rural Development for the greater of 5 apartments or 10% of the apartments of the proposed development. All applications seeking credits for rehabilitation of existing apartments must provide for contractor construction costs of at least $7,500 per unit.

The 2006 QAP also created a high growth/high cost, noncompetitive pool of credits for preservation properties in the Northern Virginia areas of the state.

Allocations: In 2004, VHDA reserved more than $5.3 million for 22 rehabilitation properties with 1,269 apartments. The state awarded an additional $5.3 million in tax credits in 2003, preserving 17 properties with 1,353 apartments.

Private Activity Bonds with 4% Credits

Allocations: In 2003, Virginia Housing Development Authority (VHDA) used private activity bonds and almost $3 million in 4% tax credits to preserve 12 properties with 1,568 apartments.

Housing Trust Funds

Fairfax County

Fairfax County approved creation of $3 million housing preservation fund with the goal of saving at least 200 apartments during next two years. The fund was capitalized with $1 million from county housing trust funds matched by an equal amount form the county's partners. $1 million is dedicated to provide incentives to property owners to keep their properties affordable. The Chairman of the Board of Supervisors, Gerald Connolly, indicated he will ask the supervisors to earmark another $1 million from the trust fund for the acquisition and preservation of affordable housing.

Other Virginia Preservation Initiatives

The State of Virginia set aside $2 million of the Virginia Housing Fund for below market loans for the preservation of Section 8 and Section 236 through refinancing in the summer of 2002.

VHDA also created its own Community Development Financial Institution (CDFI) to attract private sector funds for small grants, bridge or predevelopment loans. The CDFI's express purpose is to aid in the preservation of affordable apartments for low-income renters.

Fairfax County

The Fairfax County, VA Board of Supervisors approved the creation of a $3 million housing preservation fund. The fund will be capitalized with $1 million from the county housing trust fund, $1 million from the National Housing Trust and $1 million from the Housing Partnership Network of Boston. The goal of the loan fund will be to save at least 200 apartments of affordable housing over the next two years. The Chairman of the Board of Supervisors, Gerald Connolly, indicated he will ask the supervisors to earmark another $1 million from the trust fund for the acquisition and preservation of affordable housing.

In addition, Fairfax County has created a dedicated Fund with appropriations equal to the value of one penny of the real estate tax rate; the One Penny for Housing Flexibility Fund is expected to generate $17.9 million in new funds in FY 2006 to be used for preservation as the highest priority, but also for production. The fund is expected to be instrumental in preserving at least 1,000 existing apartments before the end of 2007 by supplementing and leveraging federal and state funds.

Fairfax County also has a preservation tax abatement incentive for owners of older (at least 20 years old) multifamily rental properties. Under this incentive, the tax increase on improvements that raise the property value by at least 25% will be abated for 10 years as long as the rental apartments remain affordable.

Washington

Low Income Housing Tax Credits (9% Credits)

One of the selection criteria in the Washington State Housing Finance Commission's (WSHFC) 2006 qualified allocation plan is to "preserve federally assisted properties as low-income housing units." Additional criteria include rehabilitate buildings for residential use and include the use of existing housing as part of a community revitalization plan.

The QAP also includes a 5% set-aside for rural development properties, including both 515 new construction properties as well as properties that have existing RD financing for which the existing owners are considering prepayment options that would convert the low-income housing to market rate housing.

Additionally, 10 points are given to properties for the preservation of federally assisted low-income housing (defined as at risk of being converted to market rate housing within 5 years. Points are also awarded to properties consisting of one or more buildings which will be rehabilitated and returned to, or converted to, residential use.

Allocations: For 2004, more than $19 million in total credits for 42 properties were requested, with 27 properties receiving #11.3 million in credits. In 2003, more than $20.1 million was requested, with $10.2 million allocated to 28 properties with 1,001 apartments. Of those, 5 were preservation properties with 263 apartments.

Private Activity Bonds with 4% Credits

Allocations: By June 30, 2004, approximately $41.4 million in bond authority had been reserved for six multifamily housing properties or programs. Two preservation properties with 203 apartments were allocated 4% credits and tax-exempt bonds.

The Washington HFC recently used tax exempt 501(c)(3)bonds to preserve a large portfolio - 30 properties with 926 apartments - of Rural Development properties in cooperation with Mercy Housing. The HFC has also used the 4% credit combined with tax exempt bonds to preserve a number of large project-based Section 8 properties.

Housing Trust Funds

Washington's Housing Trust Fund was increased by $2 million from the previous budget for a total of $80 million. The Housing Trust Fund has helped preserve the housing stock through rehabilitation of existing structures and through investment in formerly federally-assisted housing that is at risk of being converted to market rate housing. The fund provides grants and loans for new construction, acquisition and rehabilitation of affordable housing and can be used for acquisition of housing apartments for the purpose of preservation of properties at risk of losing federal subsidies. In 2004, approximately 10% of HTF applications received are for HUD/USDA-RD preservation properties.

Other Washington Preservation Initiatives

Washington has a two-part preservation plan. First, the WSHFC Preservation Team was one of the first state housing finance agencies to design a process for marketing and selling tax credit properties to qualified buyers who will keep them affordable at the end of the 15-year compliance period. Second, the HFC has streamlined their monitoring procedures for owners and managers of tax credit properties who stay in the program after the 15 year minimum, waiving certain requirements and focusing only on preserving affordability. The HFC is also partnering with other public agencies to monitor jointly funded properties, which lessens the burden on the owners and allows the HFC to combine resources when working out preservation issues that arise.

WSHFC provided initial funding to Impact Capital, a fund that provides pre-development, bridge and other financing for properties developed or rehabilitated by nonprofit organizations. The Commission devoted nearly $5 million of its own earned income to the loan fund. Private banks, non-profits, foundations and local governments have contributed to this loan fund as well, bringing the total funds available to nearly $23 million. In 2003, 8 preservation properties with 422 apartments received funding from the Impact Capital fund.

12 USDA preservation properties with 405 apartments were issued nonprofit bonds for setting aside 20% of their apartments but will likely maintain all apartments as low income.

Seattle

The City of Seattle has actively used local and federal resources to preserve affordable housing. Since 1999, the City has preserved four Section 8 buildings with a total of 126 apartments. The City used a combination of long-term, low interest loans and credit enhancement to preserve these apartments.

The City also has a bridge loan program designed to help non-profits acquire buildings while they are arranging permanent financing. The City has used this tool to preserve 205 apartments in an important downtown Section 8 building.

In September 2002, the City of Seattle approved a $86 million housing levy over 7 years (2003 through 2009). More than 65% of the levy will fund rental preservation and production.

West Virginia

Low Income Housing Tax Credits (9% Credits)

The State's proposed 2005 and 2006 Allocation Plan has a 17.5% set-aside category for HUD Preservation or New Construction (which includes HOPE VI). This set-aside category is for the exclusive use for either preservation of existing HUD financed, guaranteed, or subsidized (property-based) low-income residential rental apartments (must qualify for either substantial rehabilitation or acquisition and substantial rehabilitation), or for a newly constructed property financed, guaranteed, or subsidized (property-based) through any qualified HUD finance, guarantee, or subsidy (property-based) program to produce newly constructed low-income residential rental apartments.

Within the HUD Preservation or New Construction set-aside category, 30 points are awarded to substantial rehabilitation properties with less than or equal to 50 residential rental apartments, 20 points are awarded to substantial rehabilitation properties with more than 50 residential rental apartments, and 10 points are awarded to acquisition and substantial rehabilitation properties with less than or equal to 50 residential rental apartments.

The State's proposed 2005 and 2006 Allocation Plan has a 15% set-aside category for Rural Development Preservation. This set-aside category is for the exclusive use for the preservation of existing Rural Development low-income residential rental apartments (must qualify for either substantial rehabilitation or acquisition and substantial rehabilitation) previously financed, guaranteed, or subsidized (property-based) through any qualified Rural Development finance, guarantee, or subsidy (property-based) program.

Within the Rural Development Preservation set-aside category, 30 points are awarded to substantial rehabilitation properties with less than or equal to 50 residential rental apartments, 20 points are awarded to substantial rehabilitation properties with more than 50 residential rental apartments, and 10 points are awarded to acquisition and substantial rehabilitation properties with less than or equal to 50 residential rental apartments.

Allocations: The State will have approximately $3.35 million in credits for 2005. In 2004, West Virginia preserved 1 property with 39 apartments using more than $85,000 in tax credits.

In 2003, the state preserved 1 property with 44 apartments using more than $118,000 in tax credits.

Private Activity Bonds with 4% Credits

Allocations: In 2004, the state preserved 1 property with 110 residential rental apartments utilizing $178,431 in 4% tax credits. In 2003, the state used private activity bonds and more than $200,000 in 4% tax credits to preserve 1 property with 162 apartments.

Housing Trust Funds

The Affordable Housing Trust Fund provides grants and loans for new construction, rehabilitation, repair and acquisition of housing to assist low- and moderate-income households; downpayments, closing costs, foreclosure prevention, homeownership counseling, and security bonds which facilitate the construction, rehabilitation, repair and acquisition of housing to assist low- and moderate-income households.

Other West Virginia Preservation Initiatives

In 1995 the HDF created the statewide Mini Moderate Rehabilitation Program (MMRP) for landlords. This program was developed due to the difficulties Landlords were experiencing with the bureaucratic federal requirements for multifamily rehabilitation. The MMRP provides a low interest, no-nonsense lending program with streamlined access to funds to upgrade, renovate or developed new rental apartments across the State. The Housing Development Fund has provided financing of over 5.9 million dollars to this program for the preservation of 864 or more of multifamily rental housing apartments.

Wisconsin

Low Income Housing Tax Credits (9% Credits)

Wisconsin's amended 2005-2006 QAP increased their preservation set-aside to 40% (more than $4 million). Federally Assisted Housing Preservation includes low-income housing developments subsidized under the following or similar programs: Section 236, Section 221(d)(3) Below Market Rate (BMIR), Section 221(d)(3) Market Rate with Section 8 rental assistance, Section 8 project-based new construction, Section 202, Section 811, Section 221(d)(4), and Section 515-Rural Rental Housing Program, Rural Development, USDA and NAHASDA or other tribal subsidies.

Allocations: For 2004, more than $3.6 was reserved for the preservation of 653 apartments in 9 properties. In 2003, an additional 12 properties with 789 apartments were preserved with $3.4 million in tax credits.

Private Activity Bonds with 4% Credits

Allocations: For 2004, the state's tax exempt private activity bond authority is approximately $408 million, more than half of which can be used for rental housing, home loans and beginning farmer bonds. In 2003, WHEDA used private activity bonds and more than $1.2 million in 4% tax credits to preserve 5 properties with 750 apartments.

Other Wisconsin Preservation Initiatives

WHEDA offers current owners of existing WHEDA-financed Section 8 loans preservation financing to restructure existing loans to preserve affordable housing. They offer Equity take-out loans that allow owners to get cash out to use for other purposes. They also offer below-market interest rates to help make providing affordable housing profitable.

In March 2004, Governor Jim Doyle announced WHEDA's $10 million initiative to help preserve affordable housing for seniors and other lower income Wisconsin residents. The Wisconsin SOS program, "Saving Our Stock" of Affordable Housing, will focus on project-based Section 8 housing developments.

The governor also named 12 public members to a Task Force for Housing Preservation. Staffed and assisted by WHEDA, the task force looked at additional measures the state and other organizations can implement to preserve affordable housing. Task force members include professionals from the housing development industry, financial experts, community organizations, and government officials.

WHEDA is working on a 3 year strategic plan to be approved by its Board, with one of the largest components of the plan being the preservation of affordable housing.

Wyoming

Low Income Housing Tax Credits (9% Credits)

In Wyoming's 2006 QAP, rehabilitation properties must have a minimum expenditure of $15,000 of actual rehabilitation hard costs per apartment in Life, Safety, Health, or Code Requirements which includes required major systems repairs or replacements of electrical, heating, roofing, foundation/structural, major energy upgrades.

A property will receive up to 20 points if the current property involves use of existing housing as part of a community revitalization plan. One of the bonus criteria is that rehabilitation properties can receive up to 40 points for amenities and/or cost-effective upgrades.

Allocations: Wyoming has approximately $2.1 million in tax credit authority for 2005.

Other Wyoming Preservation Initiatives

In Wyoming's Small Project Opportunities Program (SPOP), $150,000 has been set-aside from the state's HOME funds for rehabilitation of existing apartments throughout the year on a first-come first-served basis. The program encourages rehabilitation of existing rental housing stock in properties of one-to-four apartments. Vacant apartments will be a priority under this set-aside. The maximum HOME funds allowable under this subcategory will be 50% of the rehabilitation costs not to exceed $12,500 per apartment. The property owner must have their own funds for half of the rehabilitation costs. Under this set-aside, HOME funds may not be used for acquisition. The minimum amount 2005 of HOME funds that may be expended is $1,000 per HOME assisted apartment meaning that there must be at least $2,000 per apartment of eligible rehab costs.

PLEASE NOTE: Some of the information included in this report was generously provided by the National Council of State Housing Agencies, National Affordable Housing Trust, Affordable Housing Finance magazine and the Center for Community Change (Housing Trust Fund Project). Information was supplemented with information from the National Housing Trust.