



NJHMFA Implementation of TCAP & TCX



Tax Credit Assistance Program (TCAP)

Timeline

- May 2009 – applied to HUD
- June 2009 – HUD approval
- Sept 2009 – 1st TCAP closing

\$61 million for NJ

- \$6 million cap per project
- QAP encourages leveraging



TCAP Priorities

1. 2009 9% deals
2. 2007 & 2008 deals that have not closed
 - REM Credits
3. 4% shovel ready deals

TCAP Disbursements

- 1st draw = 10%
- 15% at 25% completion
- 25% at 50% completion
- 40% at 75% completion
- 10% at CO

TCAP Repayment

- No prepayment for 1st 3 years
- 50% of available cash flow
- Deferred for earlier of 10 years or until developer fee is paid

Exchange Program (TCX)

- Grant or Forgivable Loan
- Dual purpose
 - Assist existing struggling deals
 - Create subsidy pool for new deals
- Strong CRA Footprint

TCX Example

- \$1 mil in credits
 - $\$1 \text{ mil} \times \$0.70 = \$0.7 \text{ mil}$ in equity
- \$600k in credits & \$400k exchanged
 - $\$600\text{k} \times \$0.70 = \$420\text{k}$
 - $\$400\text{k} \times \$0.85 = \underline{\$340\text{k}}$
 - $\$420\text{k} + \$340\text{k} = \$760\text{k}$
- $\$760\text{k} - \$700\text{k} = \$60\text{k}$ to project =
\$600k to HMFA

TCX Priorities

- Partial Exchanges of 2007 – 2009 Credits
- 4% or 9% shovel ready projects with an investor
- 4% or 9% shovel ready projects without an investor

TCX Disbursements

- Similar to Home Express
- Based on % of completion
- Retainage??
 - State Liability
 - 12/31/11 Expenditure Deadline

Asset Management

- More than compliance monitoring
- 5% of original tax credit award
- Possible floor