**Appendix A**

**Tax Credit Pilot Program: Project Eligibility Checklist**

Revised May 20, 2015

|  |  |  |  |
| --- | --- | --- | --- |
| **Q#** | *Please answer the following questions. If the answer to any of the below questions is “no,” the application is not eligible for submission under the Tax Credit Pilot Program.* | **Yes** | **No** |
| ***1.*** | Has the MAP lender received written approval from HUD Headquarters to participate in the Tax Credit Pilot? |  |  |
| ***2.*** | Does the project meet one of the following sets of criteria in 2.A., 2.B., 2.C. or 2.D.? (Please indicate which one by answering in the designated yes/no boxes.) |  |  |
| ***2.A.*** | ***Assisted Housing Project.*** Are at least 90% of the project’s units assisted with a new or renewal Section 8 HAP Contract? |  |  |
| 1. Has the Borrower submitted a request for a 20-year Section 8 Project Based Rental Assistance (PBRA) Contract renewal to the Performance Based Contract Administrator, (or, in the case of RAD projects, the 15- or 20-year Project Based Voucher (PBV) contract renewal request to the local housing authority) with a copy to HUD, including any applicable rent increase request? |  |  |
| 1. Will the Section 8 rents to be presented in the lender’s underwriting narrative match the rents requested by the Borrower in the Section 8 HAP Contract renewal request? |  |  |
| ***2.B.*** | ***3 Year Rule Waiver Project.*** Was the project constructed or rehabilitated within the past 3 years using Low Income Housing Tax Credits? |  |  |
| 1. Does the Project meet all the criteria established by HUD under Mortgagee Letter 2013-31 (except for the requirement that the project has sought and is unable to obtain alternative permanent financing)? |  |  |
| 1. Are the lesser of Housing Tax Credit Ceiling rents or Housing Tax Credit Attainable rents at least 10% below the comparable unrestricted market rents for all unit types?[[1]](#footnote-1) |  |  |
| 1. Will 90% or more of the units be LIHTC restricted? |  |  |
| 4. Were the Project’s Building Permits obtained prior to September 19, 2014? |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| ***2.C*.** | ***Re-syndication Project.*** Was the project constructed or previously rehabilitated using LIHTCs and is the project now receiving a new allocation of Low Income Housing Tax Credits? | |  | |  | |
| 1. Are the lesser of Housing Tax Credit Ceiling rents or Housing Tax Credit Attainable rents at least 10% below the comparable unrestricted market rents for all unit types? | |  | |  | |
| 1. Will 90% or more of the units be LIHTC restricted? | |  | |  | |
| ***2.D.*** | ***Project Type Waiver.*** Is the project an existing market rate or affordable residential property without Section 8 or prior Tax Credits, but with a current Tax Credit or bond cap allocation? To fit into this new category it must meet the Pilot’s fundamental risk parameters for projects that are relatively low risk, relatively uncomplicated with respect to scope of work, without environmental or historic property concerns, and otherwise suitable for accelerated underwriting.[[2]](#footnote-2) Ninety percent or more of the units must be set aside for affordable use. | |  | |  | |
| ***3.*** | Has the project received an LIHTC or bond allocation or reservation (or a substitute acceptable to HUD) and will evidence acceptable to HUD be submitted with the application? | |  | |  | |
| ***4.*** | Has the project received a commitment letter or letter of intent from a third-party LIHTC investor, and is this commitment submitted with the FHA application? | |  | |  | |
| **5.** | Do the proposed repairs cost less than the Pilot Program maximum of $40,000 per unit in hard repair costs? |  | |  | |
| **6.** | Is the proposed individual tenant relocation period limited to 30 days or less? |  | |  | |
| **8.** | Will no more than 10% of the project’s effective gross income be derived from, and no more than 10% of the project’s net rentable area be used by a commercial tenant(s)? |  | |  | |
| ***9*.** | Is the project free of any issues such as environmental or historical preservation concerns, and/ or legal or other complications that would make it unlikely for the project to be underwritten by HUD and closed within 120 days? (If the answer is “no”, please describe below.) |  | |  | |
| **Note: Various other standard requirements of the 223(f) program and the Tax Credit Pilot Program will also apply to projects approved for application.** | | | | | | |
| **Lender Notes:** | | | | | | |

1. “Attainable” rents are the rents that a project is achieving prior to the Tax Credit transaction. If these rents are 10% below the market rents then the threshold is met, even when the Tax Credit ceiling rents are less than 10% below market. [↑](#footnote-ref-1)
2. See 9/11/2014 Proposed Terms of Waiver of Pilot Notice Requirements that Limit Projects to Section 8 Assisted Projects, Resyndications and Projects Eligible for the 3 Year Rule Waiver. [↑](#footnote-ref-2)