

MAINE STATE HOUSING AUTHORITY

CHAPTER 16 Allocation of State Ceiling for Low-Income Housing Tax Credit

Summary: The Tax Reform Act of 1986 created the low-income housing tax credit for use by qualifying developers of housing projects which satisfy applicable tenant income and rental targeting requirements. The Maine State Housing Authority has been designated as the housing credit agency for the State responsible for allocation of the annual credit ceiling. This rule establishes the policies and procedures for the allocation process.

Chapter 16 of the Authority's Rules is hereby amended as follows:

1. Section 5, subsection D of the Rule is amended as follows:

- D. Once ranked, the Authority will determine those applications to be selected for reservation of credits. These reservation cycles will occur on February 15, May 15, ~~August 15~~, and ~~November 15~~ October 15. Applications received or completed after one of these deadlines or not receiving a reservation in a particular cycle will be considered in the next cycle unless the applicant chooses to amend the application for resubmission. Reservations for the entire state ceiling may be issued by the Authority in any cycle. If this occurs, subsequent cycles will be limited to the amount of the state ceiling returned or forfeited by applicants previously receiving reservations.

~~At each reservation cycle the following anticipated percentage of the state ceiling will be available for reservation:~~

February 15	30%
May 15	40%
August 15	20%
October 15	10%

~~For calendar year 1995 the reservation cycles will occur on June 1, August 1 and November 1; and the anticipated percentages of state ceiling which will be available for reservation are:~~

June 1	40%
August 1	40%
November 1	20%

If the full amount available for reservation in one cycle is not reserved in that cycle, such amount may be made available in the next cycle within the same or next calendar year.

2. Section 5, subsection H of the Rule is amended as follows:

H. Applications requesting reservation or allocation of credit from the state ceiling for calendar years after ~~1995~~ 1996 will not be accepted until the Authority adopts such further amendments to this rule as it determines necessary in response to the continuation of the credit program. The Authority may issue a binding commitment to allocate Credit ceiling available in the subsequent year for any Project placed in service in the current year. Credit from the subsequent year's Credit ceiling may only be committed upon the Authority's determination that the amount of Credit that remains in the current years State ceiling is insufficient to ensure the viability or feasibility of the Credit applicant's Project. Any binding commitment to allocate subsequent year's Credit authorized pursuant to this section shall be processed and evaluated in accordance with the standards effective in the current year and shall be subject to the continuation of the Credit program and applicable law.

3. Section 8, subsection B of the Rule, up to paragraph 1, is amended as follows:

B. The amount of housing credit dollars reserved for a project cannot exceed the lesser of (a) the amount the project is eligible for under the Code, ~~(b) 33% of the state ceiling described in Section 4,~~ or (c) the amount the Authority determines is necessary for the financial feasibility of the project and its viability as a qualified low income housing project throughout the credit period. The evaluation process will be extensive and will require applicants to provide significant amounts of financial information and project detail. In making this determination, the Authority will consider:

FISCAL IMPACT NOTE: The proposed amendments to the Rule will not impose any cost on municipalities or counties for implementation or compliance.

BASIS STATEMENT: The rule is being amended to eliminate the August funding cycle, to move the November funding cycle to October, to remove any limitation on the amount of the state ceiling eligible for reservation in any funding cycle, to delete the restriction that a single reservation cannot exceed 33% of the state ceiling and to delete or correct outdated language. A public hearing was held on March 19, 1996 at which no one attended. One written comment was received from Genie Nakell of York-Cumberland Housing Development Corporation advocating for the retention of a limitation on the portion of the annual ceiling which can be reserved in any given application cycle. The Authority continues to feel that placing an arbitrary limit on the amount of credits which can be reserved in any given cycle can unfairly delay quality projects while they wait for a subsequent cycle and possibly miss an entire construction season. Having the right to reserve the entire ceiling in any given cycle does not mean that is what will routinely occur. It simply provides reasonable discretion in prudently managing this scarce resource.

STATUTORY AUTHORITY: 30-A MRSA §§ 4741(1) and 4741(14), Section 42 of the Code.

EFFECTIVE DATE: *April 24, 1996*