Low-Income Housing Tax Credit Program

Hybrid Financing Structure Guidelines

2020
Developments proposing separate, but simultaneous, financing plans utilizing both 9% LIHTCs and 4% LIHTCs with tax-exempt bonds ("hybrid developments") must submit separate and distinct Consolidated Applications ("ConApps"). Hybrid developments eligible for consideration should be of a scale to produce demonstrable savings of scarce resources and increased production of affordable housing units in exchange for the higher complexity of the execution. ConApps for both the 9% and the 4% portions of the hybrid development must be submitted simultaneously by the date and time specified as the due date for the competitive 9% round.

The Authority will consider the acceptance of ConApps for hybrid developments if the following criteria are met:

A. Each portion of the hybrid development (9% and 4%) must have a separate appraisal and market study and must clearly be presented as separately financed deals including separate equity pricing that would support each respective deal.

B. The developments must be on the same or contiguous site and be clearly identifiable as separate, including signage and marketing materials for each.

C. If co-located within the same building footprint, the properties must identify separate entrances, stairwells and elevators. The properties must be able to create separate leasing spaces.

D. The units for each may not be interspersed throughout the development.

E. Both properties must have the same population type (family or age-restricted).

F. All applicants for hybrid developments must meet with Authority at least once prior to the application deadline. This meeting will cover at a minimum the following:
   1. Review requirements/timing for the 4% side.
   2. Separate legal parcels, condominiums, or ground leases?
   3. What are the amenities and on which side are they located?
   4. How far along are the plans and specifications for both sides of the hybrid?

G. The Authority must approve the condominium, ground lease, or other documentation regarding the relationship between the properties.

H. The Authority must approve cross-easements and charges for use of amenities, and determine that amenities are sufficient for both properties.

I. The Authority must be the construction lender, permanent loan lender and bond issuer. The Authority will issue a soft letter upon request to the applicant on its financing terms prior to submission of the ConApps for each portion of the hybrid development.

The Authority will rank the 9% LIHTC application without regard to the 4% LIHTC part of the hybrid development, with the exception of points for Credits per Qualified Bedroom, which will be calculated based on the total number of qualified bedrooms in the entire development and the sum of the 9% and 4% LIHTC requests.

If the 9% application is successful, the Authority will complete its process of review and approval of the 4% application. If the 9% application is not successful, the Authority will not move forward with the review and approval process for the 4% application.