



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.