

Vermont Housing Finance Agency

Asset Management Plan

Tax Credit Assistance Program (TCAP)

OVERVIEW:

Vermont Housing Finance Agency (VHFA) is the administrator of the Tax Credit Assistance Program (TCAP) and is responsible for ensuring compliance with Section 42 of the Code, the regulations including Title 26 Code of Federal Regulations Section 1.42.9, the Qualified Allocation Plan (QAP), and the long-term viability of all projects funded by proceeds provided under the American Recovery and Reinvestment Act (ARRA).

VHFA has policies and procedures in place to ensure the long-term viability of all projects financed with state-administered funds, and will utilize those same asset management functions for TCAP projects. Not every activity on this list must be performed for every property, assume activities will not be applicable or necessary to every property.

Below is an overview of the Asset Management functions VHFA performs or delegates to others and oversees that the functions are performed. More details can be found in corresponding manuals and documents on our website at www.vhfa.org.

ASSET MANAGEMENT RESPONSIBILITIES:

Task	Department	Timeframe
Underwriting Review: <ul style="list-style-type: none"> • Tax Credit/TCAP needs analysis • Market Study • Financial feasibility • Rents and Income • Operating Expenses • Construction Expenditures • DCR • Establishment of Reserves 	Development <ul style="list-style-type: none"> • Construction Consultants 	At application and/or agency commitment
<u>Federal Grant Requirements:</u> <ol style="list-style-type: none"> 1. Davis Bacon 	Development <ul style="list-style-type: none"> • VHCB • DEHCD 	Prior to starting construction (contract) and prior to any disbursement (payrolls)
<ol style="list-style-type: none"> 2. National Environmental Policy Act (NEPA) – includes reporting in RAMPS 	Development <ul style="list-style-type: none"> • VHCB 	Prior to starting construction
<ol style="list-style-type: none"> 3. Other Federal Requirements 	Development	
Review of Architectural/	Development	Prior to starting

Engineering Plans and Specs <ul style="list-style-type: none"> Including compliance with Section 504 of the Rehabilitation Act of 1973 	<ul style="list-style-type: none"> Construction Consultants 	construction
Review of Construction Schedule	Development <ul style="list-style-type: none"> Construction Consultants 	Prior to construction start
Review of Construction Contract and Trade Payment Breakdown	Development <ul style="list-style-type: none"> Construction Consultants 	Prior to starting construction
Energy Efficiency Improvements	Development <ul style="list-style-type: none"> Construction Consultants 	Prior to starting construction
Monitoring Construction: <ul style="list-style-type: none"> Progress inspections Change Orders Housing Code Compliance Job Site Meetings Construction Draws/ Applications for Payment Construction Closing As-Builts Certificate of Occupancy 	Development <ul style="list-style-type: none"> Construction Consultants 	Monthly
Reporting on FederalReporting.gov <ul style="list-style-type: none"> Financial Status Project Status 	Development	Quarterly (until no longer required)
Construction Draw Requests and Budget Reviews	Development <ul style="list-style-type: none"> Construction Consultants 	Per the approved draw schedule
Tax Credit Carryovers <ul style="list-style-type: none"> Including Tax Credit/ TCAP needs analysis 	Development	Prior to the end of the calendar year of award
Cost Certification Review	Development	Prior to issuance of 8609
Operating Procedures <ul style="list-style-type: none"> Affirmative Fair Housing and Marketing Plan Reserve Analysis Preventive Maintenance/Review CNA Turnover Inspection Insurance Coverage Internal Controls 	MF Management	On-going
Operating Reports <ul style="list-style-type: none"> Occupancy/Vacancy Monthly Rent Collection Cash Receipts Cash Disbursements General Ledger Payroll 	MF Management	Quarterly
Operating Budget	MF Management	Annually

Audited Financial Statements	MF Management	Annually
Physical Inspection Reports	MF Management	Annually
Continued Marketability Analysis	MF Management	Annually
Tax Credit Report Reviews <ul style="list-style-type: none"> • Owner Certification • Status Report • Questionnaires • WCMS 	MF Management	Annually
Tax Credit Tenant File Reviews/Physical Inspections	MF Management	Within 2 years of PIS date and no less than every 3 years
Final Tax Credit Summary Report	MF Management	Annual
Notification of Non-compliance, 8823s	MF Management	As needed
Compliance Training/updates to Compliance Manual	MF Management	As needed

AT RISK/WATCH LIST PROPERTIES:

Projects that are at risk, based on information revealed during monitoring are handled on an individual basis.

DEADLINES AND RECAPTURE:

75% of TCAP award must be expended by February 16, 2011
100% of TCAP award must be expended by February 16, 2012

To ensure the timely utilization of the funds as described above, VHFA will establish a project-specific schedule for the expenditures of TCAP funds. Failure of TCAP recipients to meet such deadlines may result in recapture of the TCAP funds for redistribution.

FEES:

Tax Credit Allocation Fee* = 4% of credit amount paid at time of Reservation.

Tax Credit Compliance Monitoring Fee = \$6/tax credit unit/month

*Note: These fees pre-date the TCAP program and are charged on all Tax Credit projects, regardless as to whether or not the project also has TCAP funding. VHFA is not charging any fees to cover administrative costs associated with the TCAP program.