

To: RHTC Partners

Notice: RED-12-39

From: Real Estate Department

Date: July 26, 2012

Re: 2013 RHTC Basis Boost Policy

Background:

On June 22, 2012, IHCD released [RED Notice 12-34](#) requesting public feedback on a proposed basis policy for 2013 rental housing tax credit applications. IHCD was pleased to receive a variety of helpful public comments. Some of these comments were in support of the proposed basis boost, while others preferred to leave the current policy unchanged. Several also voiced concern over the uncertainty related to the loss of the 9% flat rate which could add stress to the financial feasibility of developments. Taking all of these concerns into consideration, IHCD has created the following “Basis Boost” Policy for 2013 under Section 4.2(e)(4.t) of the 2012-2013 QAP:

Eligible Basis – 30% Basis Boost

IHCD will designate a 30% Basis Boost for developments that meet the criteria of Section 4.2(e)(4.t) of the 2012-2013 QAP.

Qualified Eligible Basis Example	
Eligible Basis	\$6,000,000
30% Basis Boost	\$1,800,000
Adjusted Eligible Basis	\$7,800,000
Applicable Fraction	100%
Total Qualified Basis	\$7,800,000

Maximum Allowable Credit Request Is Equal To A 20% Basis Boost

Although developments that meet the criteria of Section 4.2(e)(4.t) (including developments located in a QCT or DDA) of the 2012-2013 QAP will be eligible for a 30% Basis Boost as



described above, such developments will be eligible to request maximum credits **not to exceed the maximum credit amount derived from a 20% Basis Boost.**

Maximum Credit Request Example	
Eligible Basis	\$6,000,000
20% Basis Boost	\$1,200,000
Adjusted Eligible Basis	\$7,200,000
Applicable Fraction	100%
Total Qualified Basis	\$7,200,000
Applicable Percentage	9%
Maximum Allowable Credit	\$648,000

Applicable Percentage = 9%

Applicants must use 9% for the weighted average of the applicable percentage for each building and credit type.

20% Basis Boost to be utilized for Scoring Criteria Credit Reduction Section G.4(b):

Pursuant to the 2012-2013 QAP, Credit Reduction Section G.4(b), a project that reduces the amount of Tax Credits it is requesting shall receive 1 point for each percent that its qualified basis is reduced, up to five (5%) percent. The 20% basis boost must be used when determining the qualified basis, for purposes of calculating any such voluntary reduction.

Credit Reduction Scoring Example	
Eligible Basis	\$6,000,000
20% Basis Boost	\$1,200,000
Adjusted Eligible Basis	\$7,200,000
Applicable Fraction	100%
Total Qualified Basis	\$7,200,000
Applicable Percentage	9%
Maximum Allowable Credit	\$648,000
Credits Requested	\$615,600
% of Maximum Credits Requested/Available	95%
Points	5

By requiring projects to utilize a 20% basis boost for purposes of calculating the maximum credit request, but still awarding a full 30% basis boost to those projects which qualify, IHCD is attempting to ensure that projects will have sufficient eligible basis to utilize their full tax credit reservation amount, regardless of whether the applicable percentage remains at 9% or returns to a floating monthly rate.



If you have any questions regarding the 2013 Basis Boost Policy please feel free to contact Alan Rakowski, RHTC Manager and Senior Analyst at 317-233-1220 ARakowski@ihcda.in.gov or J. Jacob Sipe at 317-233-181, jsipe@ihcda.in.gov.



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