Tax Exempt Bond Technical Issues

New Jersey Governor’s Conference on Housing & Economic Development

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Where Tax Exempt Bonds Work Best

- Acquisition Rehabilitation
  - Year 15 Project with Moderate Needs
  - Old Section 8 Transactions or 236
  - Conversion of Blue Collar Market Rate to Affordable
- Public Housing Revitalization

- Supportive Housing

- Mixed Income with a Small Low Income Piece

- Where Soft Debt is Available in Meaningful Amounts

Regulatory Issues

- Regulatory Restriction Period

- Monitoring

- Scattered Site Complications
95/5 Test (Good Money Test)

- Need to make sure sufficient costs are funded with good money sources
  - Agency desires to maximize use of bond cap

- Spending Restrictions of Soft Funds
- Purchase Money Notes and Other Assumed Debt
- Official Action Status Timing
- Related Party Bond Issues

50 % Test

- Threshold Test
- May Need Bridge Bonds
- Drawdown Bonds and the Measurement Date
- Finance Agency Debt Sizing
  - Construction overruns
  - Retainage
  - Year End Completion
50% Test, continued

- Construction Disputes
- Adjustments to Development Fees

• Year 15 Qualification Occupancy
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