

Tax Exempt Bond Technical Issues

New Jersey Governor's Conference
on Housing & Economic Development

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FORWARD THINKING.

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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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