



Affordable Housing Symposium

June 19-20, 2012



A GEDA ECONOMIC INITIATIVE FOR LOCAL MERCHANTS



Opening Remarks

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Affordable Housing Initiative

- Create affordable housing opportunities.
- Create private sector incentives to lower costs and to promote government financing programs.
- Pursue tax incentives to help first time homeowners with other costs.
- Provide financial incentives for developers to build housing units.
- Consider obtaining Government of Guam land in order to lower the development cost and make margins more attractive for developers.



Requirements

- Identification of suitable property
- Infrastructure
- Available financing vehicles



Affordable Housing Qualifying Certificate Public Law 23-135



Affordable Housing Qualifying Certificate

- Public Law 23-135 (1996) created tax incentives to assist with the further development of new hotels and tourism facilities, as well as to provide a “jump start” and an incentive toward the development of affordable homes.
- Sunset provision - this provision for developers was repealed 2 years later as written
- Although the option for hotel developers was repealed, the Affordable Housing Qualifying Certificate was still available for other developers to provide affordable housing for the people of Guam



Eligibility

- Developer, Contractor, Sub-contractor or any combination of 2 or more
- Certification of home being priced below the Area Median (GHURA certification)
- Each project must consist of no less than 25 homes
- General Qualifying Certificate eligibilities must also be met.



Benefits

Applicants are eligible for the rebate and abatement of the following taxes:

- Gross Receipts Tax: up to 100% for a period of up to 20 years
- Income Tax: up to 100% for a period of up to 20 years



Ironwood Manor



Private Activity Bonds (PABs)



Eligibility

PABs may be issued to fund the acquisition, construction, development and/or rehabilitation of a variety of residential rental housing projects.

Income Set-Asides – issuer must elect one of the following income set-asides

- 20% of units at or below 50% of AMI
- 40% of units at or below 60% of AMI
- * Project must comply with income set-asides throughout the “qualified project period”
- 15 years after 50% occupancy
- Retirement of all bonds



Benefits

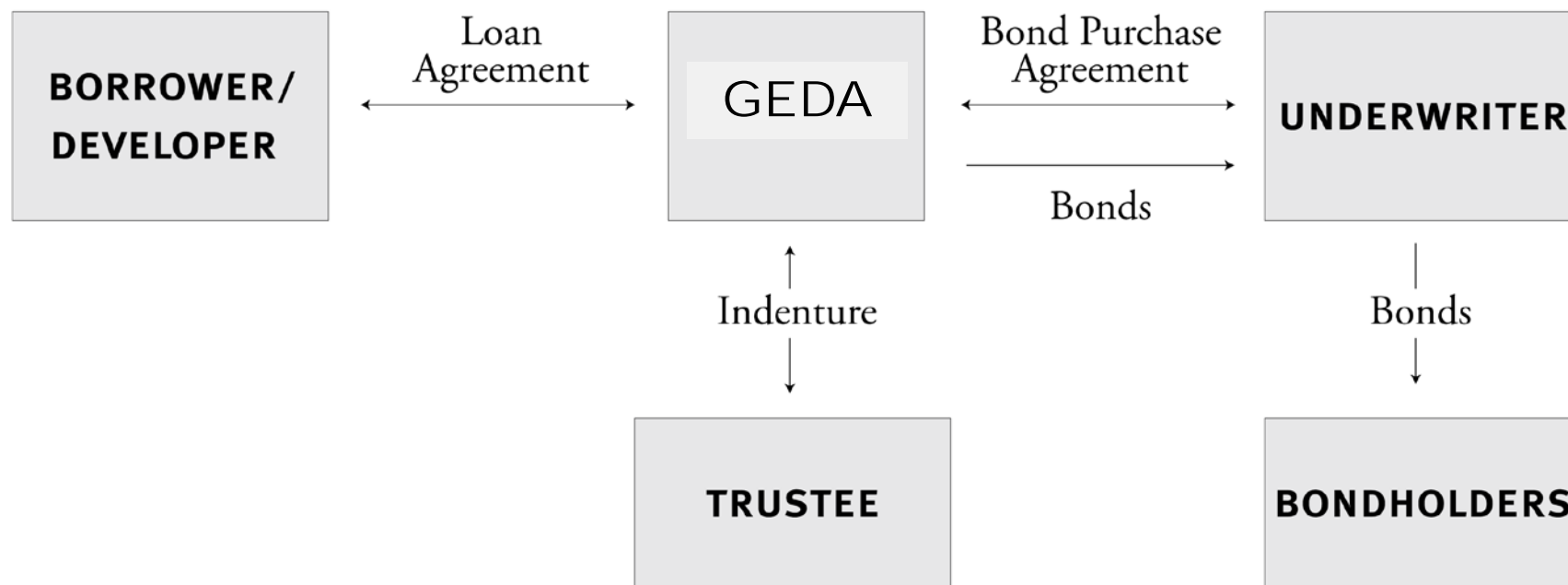
- Low cost financing
- Tax-exempt bond proceeds
- Used with 4% LIHTC
 - * if 50% of the project cost is financed with tax-exempt bonds
- GEDA has over \$85 million of PAB volume cap available

PABs are issued on a conduit basis. No government guarantee on the bonds.



PAB Financing

DOCUMENTS





Contact

For more information regarding the Affordable Housing Qualifying Certificate and Private Activity Bond feel free to contact GEDA.

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Open Discussion