

## **CAPITALIZED OPERATING SUBSIDY RESERVE GUIDANCE 9% APPLICATIONS**

Staff has noted inconsistencies between applications with committed Capitalized Operating Subsidy Reserves (COSR). To ensure consistency across all applications, staff is releasing the following guidance to provide clarification to applicants as they prepare their 9% applications. If you have questions on the guidance below, please contact [CTCAC Development Staff](#).

### **Capitalized Operating Subsidy Reserve**

A COSR that is held by and disbursed by a third-party source to the project in installments shall not be included as a project cost in the Sources and Uses Budget worksheet of the E-application. A COSR may only be included in the Sources and Uses Budget worksheet as a project cost if the full COSR amount is held by the project and not the third-party source.

All COSRs must be included in the 15-year Pro Forma worksheet consistent with the terms described in the commitment letter and Section 10322(h)(23) of the CTCAC regulations. The amount of the COSR in total from Years 1-15 in the 15-Year Pro Forma worksheet shall not exceed the total COSR amount committed to the project in the third-party commitment letter.

### **Final Tie Breaker**

A COSR that is held by and disbursed by a third-party source to the project in installments shall be included in the Public Operating Subsidies Calculation section of the Final Tie Breaker worksheet in the E-application as shown below.

#### **PUBLIC OPERATING SUBSIDIES CALCULATION**

##### **Annual Rental Income Differential for PUBLIC OPERATING SUBSIDIES:**

If annual operating subsidy amount are similar in each year, enter:

Annual Operating Subsidy Amount in Year 1: \_\_\_\_\_

**OR**

If the contract does not specify an annual subsidy amount, enter:

Aggregate Subsidy Amount: \_\_\_\_\_

Number of Years in the Subsidy Contract: \_\_\_\_\_

Average Annual Operating Subsidy Amount: \_\_\_\_\_

\$0

Annual Public Operating Subsidies: \_\_\_\_\_

\$0

In cases where the entire COSR amount is held by the project and not disbursed by the third-party source in installments, as confirmed in the commitment letter, the COSR shall be included in the Leveraged Soft Financing section and not in the Annual Rental Income Differential for Public Operating Subsidies section of the Final Tie Breaker worksheet of the E-application as shown below.

**LEVERAGED SOFT FINANCING**

Capitalized Value of Rent Differentials of Public Rent/operating Subsidies	\$1,496,407
Total donated land value	
Total fee waivers	
List Leveraged Soft Financing <b>excluding</b> donated land and fee waivers:	
IIG	\$3,495,300
Less: Excess Purchase Price Over Appraised Value	\$0
Less: Ineligible Offsites	
Total Leveraged Soft Financing excluding donated land and fee waivers	\$3,495,300
<b>TOTAL</b>	<b>\$4,991,707</b>