



U.S. Department of Housing and Urban Development
Community Planning and Development



Special Attention of:

All Secretary's Representatives
State Coordinators
All CPD Division Directors
All TCAP Grantees

Notice: CPD-10-004

Issued: December 6, 2010

Expires: December 6, 2011

SUBJECT: Tax Credit Assistance Program (TCAP) - Reallocation of Funds

I. PURPOSE

The purpose of this Notice is to describe the method and criteria that will be used by HUD to reallocate \$16,412,245 of recaptured Tax Credit Assistance Program (TCAP) funds, consistent with the requirements of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5)(Recovery Act). Notice of this reallocation was published in the Federal Register on December 6, 2010 as Federal Register Notice FR-5448-N-01 – Tax Credit Assistance Program – Reallocation of Funds.

II. BACKGROUND

On February 17, 2009, President Obama signed the Recovery Act intended to jumpstart the nation's ailing economy. The primary objective was to create or save jobs in the near term, and invest in infrastructure to provide long-term economic benefits. Title XII of the Recovery Act appropriated \$2.25 billion under the *HOME Investment Partnerships (HOME) Program* heading to provide funds for capital investments in stalled Low-Income Housing Tax Credit (LIHTC) projects. HUD awarded these funds by formula in 2009 to state housing credit agencies to carry out the program. Deadlines for the commitment and expenditure of grant funds were established by the Recovery Act and HUD was required to recapture shortfall amounts.

The first deadline required grantees to commit 75 percent of their TCAP allocation by February 16, 2010; TCAP funds were subsequently recaptured from grantees that failed to meet that deadline. The total amount recaptured (including funds returned by grantees) is \$16,412,245.

Any funds awarded through this reallocation process will not be included in calculations to determine grantee compliance with the next statutory deadline of February 16, 2011 by which time TCAP grantees must have expended 75 percent of their TCAP allocation. However, these reallocated funds, and all other TCAP funds, must be expended by the February 16, 2012 deadline or be recaptured by HUD and returned to the U.S. Treasury.

III. THRESHOLD REQUIREMENTS FOR REALLOCATION

The threshold requirements that must be met in order to be considered for an award of reallocated TCAP funds are as follows:

- A. The grantee met the 75 percent commitment deadline of February 16, 2010;
- B. The grantee has not returned TCAP funds to HUD for lack of eligible projects; and,
- C. The grantee's proposed project will meet all of the eligibility criteria found in CPD Notice 09-03, as amended, and has all financing in place for the project "but for" the reallocated TCAP funds. (See http://portal.hud.gov/portal/page/portal/RECOVERY/programs/TCAP_RESOURCES/TCAP%20FUNDING%20NOTICE.PDF .)

IV. SCORING FACTORS FOR REALLOCATION

Grantees meeting Threshold Requirements "A" and "B" will be scored based on the following three factors and a "tie breaker", if necessary. Scoring is entirely performance-based. No written submission by a grantee is required in order to participate. The grantee's final ranking will be determined by their total score (up to 300 points) for the three factors.

- A. **Commitment of Funds (up to 100 points).** This factor assesses the grantee's demonstrated ability to commit funds to projects. Grantees will be scored on a uniform sliding scale based on the overall percentage of TCAP funds committed by midnight Eastern Standard Time, December 17, 2010, as reported in IDIS. The higher the percentage, the higher the assigned score.
- B. **Disbursement of Funds (up to 100 points).** This factor assesses the grantee's demonstrated ability to use TCAP funds. Grantees will be scored on a uniform sliding scale based on the overall percentage of TCAP funds disbursed by midnight Eastern Standard Time, December 17, 2010, as reported in IDIS. The higher the percentage, the higher the assigned score.
- C. **Completion of Committed TCAP Units (up to 100 points).** This factor assesses the grantee's demonstrated ability to complete projects in a timely manner. Grantees will be scored on a uniform sliding scale based on the overall percentage of units completed (compared to the total number of committed units reported by the grantee) by midnight Eastern Standard Time December 17, 2010, as reported in IDIS. The higher the percentage, the higher the assigned score.

Tie breaker - if necessary, the tie breaker will be the percentage of units completed (from factor C), down to 2 decimal places.

V. SELECTION PROCESS

The project selection process will be completed as follows:

- A. HUD will score TCAP grantees based on the above requirements;
- B. HUD will post the results on the HUD TCAP website at <http://portal.hud.gov/portal/page/portal/HUD/recovery/programs/tax> no later than

- December 22, 2010, and notify the top scorers by email, in order of their ranking, that they may submit a request for additional TCAP funding;
- C. Each grantee that is notified will have 15 days to submit a request for TCAP funds. Grantees may submit only one request, for a single proposed project. The request for additional TCAP funds must demonstrate that the project meets threshold eligibility criteria “C” in Section III above and must include a project sources and uses statement that demonstrates the need for the amount of TCAP funds requested;
 - D. The maximum award for a project cannot not exceed \$2 million; and,
 - E. HUD will notify grantees of TCAP awards within 15 days of receipt of their requests.

The selection process will then continue in this manner until available TCAP funds have been awarded.