

Treasury Housing Credit Exchange Program

NCSHA Summary

Background

HFAs may elect to exchange a portion of their 2009 state Housing Credit ceiling for grants (the grant election amount) from Treasury according to certain requirements. The grant election amount is the amount requested by the state which does not exceed 85 percent of:

- (1) 10 times 100 percent of (a) the unused state Housing Credit ceiling (if any) of the state for calendar year 2008 and (b) the amount of state Housing Credit ceiling returned in 2009, plus,
- (2) 10 times 40 percent of (c) the greater of \$2.30 multiplied by the state population or \$2,665,000 and (d) unused Housing Credit carryover allocated to the state in the 2009 National Pool.

HFAs may not exchange Gulf Opportunity Zone (GO Zone) and Midwestern and Hurricane Ike Disaster Area Housing Credits, including amounts returned from previously allocated GO Zone or Disaster Area Credits.

Submission Requirements

Eligible applicants are the designated agencies (HFAs) that file Form 8610, "Annual Low-Income Housing Credit Agencies Report," for all agencies within each state. (The guidance lists each designated agency for each state.)

HFAs may apply during May and June of 2009 to exchange the unused state Housing Credit ceiling (if any) of the state for calendar year 2008 and their per capita Credit authority for 2009.

HFAs may submit subsequent applications through 2010 to exchange Housing Credits returned in 2009 and National Pool Credits received in 2009.

Treasury will provide grant funds only to HFAs that provide complete applications. Treasury will review each application for eligibility and completeness within 10 working days of receipt. Treasury will notify the HFA if its application is found to be incomplete and will provide instructions to remedy the deficiency.

Grant Agreements

After Treasury determines that an application is complete, it will send a grant agreement to the designated HFA. The grant agreement notifies the grantee that the grant has been awarded and incorporates terms and conditions under which the grant is provided. Treasury will then make funds available for the grantee to draw from as needed to make subawards.

HFAs may use the funds to make subawards through December 31, 2010. Any grant funds not used to make subawards before January 1, 2011 must be returned to the Treasury on January 1, 2011.

Any interest earned in excess of \$200 on grant funds held by the HFA before a subaward is made and that is not used for subawards before January 1, 2011 must be returned to the Treasury.

The grant agreement terms and conditions state that the HFA grantee:

- Shall only select projects for subawards which are qualified low-income buildings under the Housing Credit statute.
- Must ensure that the subaward is consistent with the requirement of Section 42(m)(2) of the Housing Credit statute that the subaward made for a project [building(s)] does not exceed the amount necessary to ensure the financial feasibility of the project and its viability as a project throughout the Credit period.
- Shall use all grant amounts to make subawards, or for transfer to other agencies to make subawards.
- Shall make subawards in the form of cash assistance that are not required to be repaid unless there is a recapture event with respect to the qualified low-income building.
- May not use grant election amounts for any other purpose, including administrative costs.
- May collect reasonable fees from a subawardee to cover asset management-related expenses.
- May disburse grant funds to subawardees in 2009 and 2010. No grant funds may be disbursed to subawardees after December 31, 2010.
- Shall minimize the time between the receipt of grant funds and the disbursement of those funds to subawardees. Federal funds cannot be drawn by the grantee from the Treasury in advance of need. The grantee shall not place in escrow or advance lump sums to project owners. Once funds are drawn from the grantee's Treasury account, they must be expended as a subaward by the grantee within three days, or if grant funds are transferred by the grantee to another agency, as a subaward by that agency within three days following the date of transfer by the grantee.
- Shall return to the Treasury any grant election amounts not disbursed to subawardees before January 1, 2011, including any interest earned in excess of \$200 on grant funds held by the HFA before a subaward is made and that is not used for subawards before January 1, 2011.
- Shall make subawards in the same manner and shall be subject to the same limitations as traditional Housing Credit allocations.
- Shall establish, prior to making any subaward, a written process for making a determination that applicants for subawards have demonstrated a good faith effort to obtain investment commitments for Housing Credits in lieu of a subaward.
- Shall make a determination, prior to making any subaward, that the applicant for the subaward has demonstrated a good faith effort to obtain investment commitments for Housing Credits in lieu of the subaward.

- Shall execute a legally binding written agreement with the entity receiving a subaward setting forth the program requirements applicable to the subaward, including a requirement providing for recapture to assure that the qualified low-income building remains a qualified low-income building during the 15-year compliance period. The written agreement may include the extended low-income housing commitment under Section 42(h)(6)(B) of the Housing Credit statute.
- Shall perform asset management functions to ensure program compliance and the long-term viability of the buildings funded by subawards.
- Shall keep track of its Credit exchange amounts to ensure it does not overallocate its Housing Credit authority.
- Shall provide periodic reports as required by Treasury. A financial status report and a project performance report is required on a quarterly basis, due 10 working days after the end of the quarter. Quarters end on March 31, June 30, September 30, and December 31. The performance report has the following elements on each project receiving a subaward during the quarter:
 - Name of recipient entity
 - Name of project
 - Brief description of project
 - Location of project: city/county, state, zip code
 - Number of construction jobs created
 - Number of construction jobs retained
 - Number of non-construction jobs created
 - Number of non-construction jobs retained
 - Number of total housing units newly constructed
 - Number of total housing units rehabilitated
 - Number of low-income housing units newly constructed
 - Number of low-income housing units rehabilitated