

**From:** TCAP [TCAP@hud.gov]  
**Sent:** Monday, June 15, 2009 3:00 PM  
**To:** Wallace, Barbara  
**Subject:** HUD's Determination Regarding Alabama's TCAP Submission

Ms. Wallace,

HUD has reviewed Alabama Housing Finance Authority's TCAP application and determined that your application is incomplete for the following reasons:

1. AHFA's selection criteria include awarding points to projects that do not have an equity commitment with a housing credit investor. These selection criteria, particularly criteria that assume no investors, are ineligible since only projects for which LIHTCs are sold or used by the developer are eligible to receive TCAP funding.
2. AHFA also states that "in general, AHFA expects to require the return of existing credits in a manner that maximizes utilization of all of the State of Alabama's TCAP and Exchange Program funds for those projects that qualify for allocation under AHFA's TCAP or Exchange program allocation plans." Again, only projects to which LIHTCs were awarded between 10/1/06 and 9/30/09 are eligible to receive TCAP funds. Projects that received LIHTC awards and have sold some of the credits may be eligible for TCAP if a good faith effort has been made to sell as many of the awarded credits as circumstances and market conditions allow. If a developer cannot use or sell all of the tax credits awarded to a project then adjustments can be made to the amount of credits allocated. In any event, a written agreement that requires compliance with LIHTC and TCAP requirements for the period required by Section 42 of the IRC must be entered into by the project owner.
3. The Recovery Act requires that TCAP funding priority be given to projects that are expected to be completed by February 16, 2012. AHFA's submission materials fail to incorporate this completion deadline into the TCAP selection criteria.

You are not required to resubmit your entire package. You may fax the revised and/or additional page(s) to HUD at 202-708-1744, to the attention of Sean Joyner. Please note that you may not move forward with your TCAP program until the items listed above are addressed by your agency and acceptable to HUD. In addition, after you re-submit items to us and there is a greater understanding of what your agency would like to do with these funds, HUD may require other modifications to be made to your submission packet before it is considered complete. Once HUD has accepted your submission as complete, please post the revised guidance on your website. If our comments are unclear, I am available to discuss them with you by phone at 202-402-4410.

Martha Murray