



## **Tax Credit Assistance Program**

### **Overview**

The Tax Credit Assistance Program (TCAP) provides grant funding for capital investment in Low Income Housing Tax Credit (LIHTC) projects. The Department of Housing and Urban Development (HUD) has federal oversight responsibility for the program, which will be locally administered by State housing credit agencies.

The primary use of TCAP funds will be to provide financing for gaps caused by the collapse of the tax credit equity market, to assist stalled development projects, and to stimulate economic activity that would most notably take the form of job creation.

### **Funding Availability**

As part of the American Recovery and Reinvestment Act (ARRA), Congress authorized \$2.25 Billion nationwide for the Tax Credit Assistance Program. Colorado's allocation of \$27.3 million will be provided to the Colorado Housing and Finance Authority (CHFA). TCAP funds must be distributed competitively and according to the Colorado's Qualified Allocation Plan (QAP).

### **Eligible Projects**

Eligible recipients include multi-family developments that have been awarded low income housing tax credits in fiscal years 2007, 2008, or 2009. Funds are available to owners who either receive or have received an award of tax credits in that timeframe. The definition of "Award" has not been defined yet, but the best information indicates that an award is made at the time the Tax Credit Committee indicates approval.

Priority will be given to 9% tax credit projects, yet projects utilizing 4% credits are also eligible. TCAP Funds may be used in conjunction with the Tax Credit Exchange Program, at the discretion and approval of the housing credit agency.

### **Timing**

According to HUD, housing credit agencies must give priority to projects that are expected to be completed by February, 2012. In addition, 75 percent of TCAP funds must be committed by February 2010, 75 percent must be expended (by recipients) by February 2011, and 100 percent of the funds must be expended (by recipients) by February 2012.

### **Restrictions**

Assistance provided to projects shall be made in the same manner and subject to the same limitations as required by CHFA with respect to an award of LIHTCs. Additionally, TCAP funds will be subject to a variety of federal financial assistance provisions. HUD may waive some of the provisions except for those related to fair housing, non-discrimination, labor standards and the environment. For Additional Information, please contact:

**Tasha Weaver, Manager Tax Credit Allocation**  
**303-297-7429**  
[tweaver@chfainfo.com](mailto:tweaver@chfainfo.com)



## Tax Credit Exchange Program

### Overview

The Tax Credit Exchange Program allows state housing credit agencies the option of exchanging eligible portions of the state's housing credit ceiling for cash grants. Grants can then be used by the agency to make sub-awards to qualified projects, specifically for the construction or acquisition and rehabilitation of qualified low income buildings.

### Funding Availability

The ARRA legislation provides a specific formula for determining the amount of Tax Credit Exchange funds that are available in each state. The funds come from Treasury to the housing credit agency. Please note that individual projects and owners do not have any entitlement under the law to receive exchange funds. Rather, sub-awards are made to projects based on a process to be established by the housing credit agency.

According to the formula, the Treasury Secretary is authorized to make a grant to each State HFA in the maximum sum of 85% of the following amounts:

- 100% of any prior year credit that is returned in calendar year 2009
- 100% of any unused credit from the 2008 credit ceiling allocation
- 40% of the 2009 state credit ceiling
- 40% of any credit received from the National Credit Pool

then multiplied times 10.

### Eligible Projects

Eligible recipients include qualified low income projects as defined in Section 42 with or without a tax credit allocation. For projects without an allocation, state HFAs must make a determination that the use of exchange funds will increase funds to the state for affordable housing. For projects with an allocation, project owners must demonstrate good faith efforts to obtain investment commitments for the credits. In Colorado, priority will be given to projects that received reservations from CHFA's 2009 credit ceiling. TCAP funds may be used in conjunction with the exchange funds, at the discretion of the housing credit agency.

### Timing

Exchange funds not used by state HFAs by January 1, 2011 must be returned to the Treasury which will be deposited into the general fund of the Treasury.

### Restrictions

Sub-awards shall be subject to the same income, rent and use restrictions as required by CHFA with respect to an award of LIHTCs. The extent to which federal financial assistance restrictions will apply to projects with sub-awards of exchange funds is unknown at this time. For Additional Information, please contact:

**Tasha Weaver, Manager Tax Credit Allocation**  
**303-297-7429**  
[tweaver@chfainfo.com](mailto:tweaver@chfainfo.com)