Application for Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credits for 2009

1. Applicant Information – Enter information about the designated State housing credit agency.

Agency name		Street address	
DUNS number		City	
EIN		State & zip code	

2. Contact Person – Enter information about the person to be contacted about this application.

Name		Organizational affiliation	
Phone & fax		E-mail address	

3. Initial Grant Amount Requested from Factors (a) and (c). Complete the chart below for an application submitted for the first time in April-June 2009. Factor (a) is the unused State housing credit ceiling (if any) of the State for calendar year 2008. The maximum amount to be entered in the first line below is the amount of the unused credit ceiling for 2008 times 10 times .85. The maximum amount to be entered in the second line below is the amount listed as Factor (c) in the List of Designated Agencies in this application package. Enter the amount of grant funds requested on the fourth line.

Maximum amount of Factor (a)	
Maximum amount of Factor (c) from List	
Total of Factors (a) and (c)	
Initial grant amount requested of Factors (a) and (c)	

4. Grant Amount Requested from Factor (b): Returned 2009 Ceiling – Complete the chart below for an application submitted after the returned 2009 amount is known in whole or in part. The maximum is the amount of State housing credit ceiling returned in 2009 times 10 times .85.

Maximum amount of Factor (b)	
Grant amount requested of Factor (b)	

5. Grant Amount Requested from Factor (d): 2009 National Pool Allocation – Complete the chart below for an application submitted after the National Pool allocation amount is known. The maximum is the National Pool allocation amount times .4 times 10 times .85

Maximum amount of Factor (d)	
Grant amount requested of Factor (d)	

6. Subsequent Grant Amount Requested – Complete the chart below for an application submitted when the grantee did not request the maximum amount from Factors (a), (b), (c), or (d).

Subsequent grant amount requested of Factor (a)	
Subsequent grant amount requested of Factor (b)	
Subsequent grant amount requested of Factor (c)	
Subsequent grant amount requested of Factor (d)	

Treasury use only

7. Signature of Authorized Representative - Under penalties of perjury, I declare that I have examined this application and to the best of my knowledge and belief, it is true, correct, and complete. I declare that I am an authorized official for the designated State housing credit agency authorized to submit this application on behalf of agency. Further, the agency agrees the information in this application can be disclosed to the Internal Revenue Service.

Name		Title	
Phone		Email	
Signature		Date signed	

Application and Terms and Conditions:

Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credits for 2009 under the

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

U.S. Treasury Department
Office of the Fiscal Assistant Secretary
May 2009

**Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credits for 2009
under the
American Recovery and Reinvestment Act Of 2009**

Under Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 (Section 1602), State housing credit agencies are eligible to receive Section 1602 Grants to States for Low-income Housing Projects in Lieu of Low-income Housing Credits under section 42 of the Internal Revenue Code (the Code) for 2009. In doing so, the State housing credit agency is electing to take a portion of its 2009 State housing credit ceiling in the form of grant amounts and agreeing to the terms and conditions applicable to the Section 1602 program.

This application package contains the application form and Terms and Conditions for the Section 1602 program. The United States Department of the Treasury (Treasury) accepts applications from State housing credit agencies for the first portion of the funds as explained in the Submission Requirements section below, May through June 2009. Treasury welcomes questions about the program and the application process at 1602Questions@do.treas.gov. The email address for submitting an application is given below under the Submission Requirements section.

Background
On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), an omnibus bill containing several parts including the American Recovery and Reinvestment Tax Act of 2009. The purpose of the Recovery Act is to preserve and create jobs and promote economic recovery in the near term and to invest in infrastructure that will provide long-term economic benefits.

Section 1602 of the American Recovery and Reinvestment Tax Act appropriates funds for grants to States to finance construction or acquisition and rehabilitation of qualified low-income building for low-income housing in lieu of low-income housing tax credits. Treasury will award Section 1602 grants to State housing credit agencies in an amount equal to their low-income housing grant election amount.

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

Additional housing credit dollar amounts for the Gulf Opportunity Zone (Go Zone) and the Midwestern and Hurricane Ike Disaster Areas (Disaster Areas), including amounts returned from additional housing credit amounts previously allocated in the Go Zone or Disaster Areas, do not apply to Section 1602.

The State housing credit agency receiving the grant uses the funds to make subawards to finance the construction or acquisition and rehabilitation of qualified low-income buildings with or without an allocation under Section 42 of the Code. The subawards are subject to the same requirements as low-income housing credits under Section 42 of the Code. Subawardees must demonstrate a good faith effort to obtain investment commitments utilizing credits before the State agency may make an award. The State housing credit agency 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 state housing credit agency before a subaward is made and that is not used for subawards before January 1, 2011 must be returned to the Treasury.

It is expected that the Section 1602 program will temporarily fill the gap left by a diminished investor demand for low-income housing tax credits. The Section 1602 program will allow projects for construction or acquisition and rehabilitation of low-income housing to continue where developers are unable to proceed due to lack of investors. In this way, the near term goal of creating and retaining jobs is achieved, as well as the long-term benefit of increasing the affordable housing supply.

Submission Requirements for State Housing Credit Agencies

A designated State housing credit agency, interested in accepting all or a portion of the Section 1602 grant amount, may submit the attached application and Terms and Conditions during the period May-June 2009. A designated State housing credit agency is one that files Form 8610, "Annual Low-Income Housing credit Agencies Report," for all agencies within the State. The List of Designated Agencies is provided below.

In addition to applications submitted in the period May-June 2009 applicants will be able to submit subsequent applications through 2010. Treasury is receiving applications from State housing credit agencies in May-June 2009 in order to respond to the immediate need caused by a diminished demand for low-income housing tax credits. However, for purposes of the grant amount calculation,only two of the four factors that comprise the 2009 State Housing Credit Ceiling are known at this time: Factor (a) the unused State

housing credit ceiling (if any) of the State for calendar year 2008 and factor (c) the greater of $2.30 multiplied by the State population or $2,665,000.

The other two factors are not fully known at this time: Factor (b) the amount of State housing credit ceiling returned in 2009 and factor (d) the unused housing credit carryover allocated to the State from a National Pool of unused credits. As factors (b) and (d) become known, Treasury expects to receive subsequent applications from the designated State housing credit agencies. Moreover, as conditions change throughout the year, the designated State housing credit agency may request additional funds provided the total of their requests does not exceed the maximum grant election amount prescribed by Section 1602.

To submit an application, the designated State housing credit agency sends a completed application electronically to: **1602Apply@do.treas.gov**. A complete application includes the filled-in and signed application form and the signed Terms and Conditions.

Treasury will provide grant funds only to those designated State housing credit agencies that provide complete applications. Treasury will review each application for eligibility and completeness within 10 working days of receipt. Treasury will notify the designated State housing credit agency if its application is found to be incomplete and will provide instructions to remedy the deficiency.

The application form requests, among other identifying data elements, the designated State housing credit agency's Data Universal Numbering System (DUNS) number from Dun and Bradstreet. If the agency does not already have a DUNS number, it may request one at no cost by calling the dedicated toll-free DUNS Number request line at 1-866-705-5711. An agency must also register with the Central Contractor Registration (CCR). To register, go to www.ccr.gov/startregistration.aspx.

Grant Agreements
After Treasury determines that an application is complete, it will send a grant agreement to the designated State housing credit agency. The grant agreement notifies the grantee (i.e., the designated State housing credit agency) that the grant has been awarded and incorporates the information contained in the designated State housing credit agency's completed application form and the Terms and Conditions. Treasury will then make funds available for the grantee to draw from as needed to make subawards.

If Treasury determines that the grantee has a history of unsatisfactory performance, is not financially stable, or has a management system that does not meet management standards set forth in Office of Management and Budget (OMB) Circular A-102, it may attach special conditions to the grant agreement.

Amendments to the Grant Agreements
When a designated State housing credit agency requests additional grant funds (as described under the Submission Requirements section above) and Treasury approves the request, Treasury will amend the grant award accordingly.

Application for Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credits for 2009

1. Applicant Information – Enter information about the designated State housing credit agency.

Agency name		Street address	
DUNS number		City	
EIN		State & zip code	

2. Contact Person – Enter information about the person to be contacted about this application.

Name		Organizational affiliation	
Phone & fax		E-mail address	

3. Initial Grant Amount Requested from Factors (a) and (c). Complete the chart below for an application submitted for the first time in April-June 2009. Factor (a) is the unused State housing credit ceiling (if any) of the State for calendar year 2008. The maximum amount to be entered in the first line below is the amount of the unused credit ceiling for 2008 times 10 times .85. The maximum amount to be entered in the second line below is the amount listed as Factor (c) in the List of Designated Agencies in this application package. Enter the amount of grant funds requested on the fourth line.

Maximum amount of Factor (a)	
Maximum amount of Factor (c) from List	
Total of Factors (a) and (c)	
Initial grant amount requested of Factors (a) and (c)	

4. Grant Amount Requested from Factor (b): Returned 2009 Ceiling – Complete the chart below for an application submitted after the returned 2009 amount is known in whole or in part. The maximum is the amount of State housing credit ceiling returned in 2009 times 10 times .85.

Maximum amount of Factor (b)	
Grant amount requested of Factor (b)	

5. Grant Amount Requested from Factor (d): 2009 National Pool Allocation – Complete the chart below for an application submitted after the National Pool allocation amount is known. The maximum is the National Pool allocation amount times .4 times 10 times .85

Maximum amount of Factor (d)	
Grant amount requested of Factor (d)	

6. Subsequent Grant Amount Requested – Complete the chart below for an application submitted when the grantee did not request the maximum amount from Factors (a), (b), (c), or (d).

Subsequent grant amount requested of Factor (a)	
Subsequent grant amount requested of Factor (b)	
Subsequent grant amount requested of Factor (c)	
Subsequent grant amount requested of Factor (d)	

Treasury use only			

7. Signature of Authorized Representative - Under penalties of perjury, I declare that I have examined this application and to the best of my knowledge and belief, it is true, correct, and complete. I declare that I am an authorized official for the designated State housing credit agency authorized to submit this application on behalf of agency. Further, the agency agrees the information in this application can be disclosed to the Internal Revenue Service.

Name		Title	
Phone		Email	
Signature		Date signed	

List of Designated Agencies

Use this list to fill in information in the second line of section 3 of the Application Form – the maximum amount of Factor (c). Factor (c) is based on the greater of $2.30 multiplied by the State population or $2,665,000. The calculations required by Section 1602 have already been applied to the amounts listed below. It is not necessary to make any further calculations.

This list contains the names of eligible applicants for the Section 1602 grant funds. These State housing credit agencies are eligible because they file Form 8610 for their State. If awarded Section 1602 grant funds, these agencies may enter into agreements with other housing credit agencies within their State to receive grant funds and carry out the Section 1602 program in the same manner as the designated State housing credit agency.

The list contains only one of the four factors in the maximum grant amount calculation. Factor (a) is based on the unused State housing credit ceiling (if any) of the State for calendar year 2008 and should be calculated as instructed on the Application Form. Factor (b) is based on the amount of State housing credit ceiling returned in 2009 and factor (d) is based on the unused housing credit carryover allocated to the State in the 2009 National Pool allocation. When the factors (b) and (d) become known, a State housing credit agency may request additional grant funds. As Treasury approves the requests, Treasury will amend the grant award accordingly.

Area	Designated State Housing Credit Agency	Factor (c)
AL	Alabama Housing Finance Authority	$36,456,058
AK	Alaska Housing Finance Corporation	$9,061,000
AQ	[American Samoa – no agency designated]	$9,061,000
AZ	Arizona Department of Housing	$50,831,408
AR	Arkansas Development Finance Authority	$22,329,150
CA	California Tax Credit Allocation Committee	$287,437,128
CO	Colorado Housing and Finance Authority	$38,626,546
CT	Connecticut Housing Finance Authority	$27,379,791
DE	Delaware State Housing Authority	$9,061,000
DC	DC Department Housing & Community Development	$9,061,000
FL	Florida Housing Finance Corporation	$143,327,619
GA	Georgia Housing and Finance Authority	$75,742,518
GU	Guam Housing and Urban Renewal Authority	$9,061,000
HA	Hawaii Housing Finance and Development Corporation	$10,073,708
ID	Idaho Housing and Finance Association	$11,916,241
IL	Illinois Housing Development Authority	$100,890,223
IN	IN Housing and Community Development Authority	$49,866,513
IA	Iowa Finance Authority	$23,479,980
KS	Kansas Housing Resources Corporation	$21,912,688
KY	Kentucky Housing Corporation	$33,385,496
LA	Louisiana Housing Finance Agency	$34,492,425
ME	Maine State Housing Authority	$10,294,686
MD	MD Community Development Administration	$44,054,729
MA	MA Department of Housing & Community Development	$50,814,102
MI	Michigan State Housing Development Authority	$78,226,760
MN	Minnesota Housing Finance Agency	$40,823,473
MS	Mississippi Home Corporation	$22,979,993
MO	Missouri Housing Development Commission	$46,228,751
MT	Montana Board of Housing	$9,061,000
NE	Nebraska Investment Finance Authority	$13,946,438
NV	Nevada Housing Division	$20,333,306
NH	New Hampshire Housing Finance Authority	$10,289,626
NJ	New Jersey Housing and Mortgage Finance Agency	$67,898,409

NM	New Mexico Mortgage Finance Authority	$15,517,664
NY	NY State Division of Housing & Community Renewal	$152,414,123
NC	North Carolina Housing Finance Agency	$72,119,277
ND	North Dakota Housing Finance Agency	$9,061,000
MP	[Northern Mariana Islands – no agency designated]	$9,061,000
OH	Ohio Housing Finance Agency	$89,819,816
OK	Oklahoma Housing Finance Agency	$28,483,263
OR	Oregon Housing and Community Services	$29,638,269
PA	Pennsylvania Housing Finance Agency	$97,345,542
PR	Puerto Rico Housing Finance Authority	$30,920,569
RI	Rhode Island Housing and Mortgage Finance Agency	$9,061,000
SC	SC State Housing Finance & Development Authority	$35,032,036
SD	South Dakota Housing Development Authority	$9,061,000
TN	Tennessee Housing Development Agency	$48,600,424
TX	Texas Department of Housing and Community Affairs	$190,236,937
VI	Virgin Islands Housing Finance Authority	$9,061,000
UT	Utah Housing Corporation	$21,398,836
VT	Vermont Housing Finance Agency	$9,061,000
VA	Virginia Housing Development Authority	$60,754,276
WA	Washington State Housing Finance Commission	$51,214,932
WV	West Virginia Housing Development Fund	$14,189,140
WI	Wisconsin Housing & Economic Development Authority	$44,010,702
WY	Wyoming Community Development Authority	$9,061,000

Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credits for 2009

GRANTEE TERMS AND CONDITIONS

1. Authority
a. Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 (Act) authorizes the United States Department of the Treasury (Treasury) to issue grants to State housing credit agencies in lieu of low-income housing credits.

b. The grantee has authority to receive Section 1602 grants.

2. Grantee Eligibility
a. The grantee is the housing credit agency for one of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, or the Northern Mariana Islands which files Form 8610, Annual Low-Income Housing Credit Agencies Report with the Internal Revenue Service.

b. The grantee shall be the sole recipient of the Section 1602 funds in the State and must coordinate with other housing credit agencies within the State (including any constitutional home rule cities) to determine how much of their 2009 credit ceiling the other agencies would elect to take in the form of a grant election amount and will provide to those agencies their proportionate share.

c. The grantee shall enter into written agreement with any other participating housing credit agencies within the State, binding the participating agency to comply with the terms and conditions applicable to the grantee or designated state agency in the sections 3 through 10 of these terms and conditions.

d. The grantee is the party responsible to Treasury for all grant matters.

3. Eligible Projects
a. The grantee shall only select projects for subawards which are qualified low-income buildings under Section 42 of the Internal Revenue Code (the Code).

b. The grantee must ensure that the subaward is consistent with the requirement of section 42(m)(2) of the Code 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.

4. Use of Grant Funds
a. The grantee is receiving an initial grant election amount. The grantee may apply for additional grant funds through 2010. If the Treasury Department approves the request, the Treasury Department will amend the award to increase the grant amount.

b. The grantee shall use all grant amounts to make subawards, or for transfer to other agencies to make subawards. The subawards shall be in the form of cash assistance and are not required to be repaid unless there is a recapture event with respect to the qualified low-income building. The grantee shall not use grant election amounts for any other purpose, including administrative costs. The grantee may collect reasonable fees from a subawardee to cover expenses associated with performance of its duties under Section 1602(c)(3) of the Act, Compliance and Asset Management. Reasonable fees are amounts customarily charged for the same or similar services and in no event may exceed costs.

c. The grantee may disburse grant funds to subawardees in 2009 and 2010. No grant funds may be disbursed to subawardees after December 31, 2010.

d. The subawards shall finance the construction or acquisition and rehabilitation of qualified low-income buildings in accordance with Section 1602(c) of the Act.

e. The grantee shall make subawards in the same manner and shall be subject to the same limitations as an allocation of housing credit dollar amount allocated under Section 42(m) of the Code, except for the additional determinations required in subsection g of this section.

f. Prior to making any subaward, the grantee shall establish a written process for making a determination that applicants for subawards have demonstrated a good faith effort to obtain investment commitments for tax credits in lieu of a subaward.

g. Prior to making any subaward, the grantee shall make a determination that the applicant for the subaward has demonstrated a good faith effort to obtain investment commitments for tax credits in lieu of the subaward.

5. Written Agreements and Disbursements to Subawardees
a. The grantee shall execute a legally binding written agreement with the entity receiving a subaward. The grantee and the subawardee must execute the written agreement before any Section 1602 funds are disbursed to the subawardee.

b.The written agreement must set forth (explicitly, or incorporated by reference) all Section 1602 program requirements, including the requirements of Section 42 of the Code, applicable to the subaward.

c. The written agreement shall impose conditions or restrictions, including a requirement providing for recapture, so as 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 Code.

d. The written agreement shall require the subawardee to provide sufficient information to the grantee to report on the use of grant funds as required by section 8 of these terms and conditions.

6. Asset Management

a. The grantee shall perform asset management functions so as to ensure compliance with Section 42 of the Code and the regulations thereunder (including Title 26 Code of Federal Regulations section 1.42.9), and the long-term viability of the buildings funded by a subaward under the Act in accordance with Section 1602(c)(3) of the Act.

7. Compliance with the 2009 State Housing Credit Ceiling

a. The grantee shall track (1) the credit equivalent of all grant election amounts to ensure that the 2009 State Housing Credit Ceiling is appropriately reduced as required by section 42(i)(9)(A) of the Code and (2) total grant election amounts to ensure that these amounts do not exceed the amount authorized by section 1602(b).

b. The grantee shall track the total of credits allocated under Section 42(h)(1) of the Code.

c. The grantee shall ensure that the credit equivalent of all elected grant amounts through 2010, plus the credits allocated under Section 42(h)(1) of the Code during 2009, do not exceed the State housing credit ceiling for 2009.

8. Reporting

a. The grantee 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.

b. 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

c. The grantee shall submit any other reports that Treasury deems necessary to comply with Section 1602 of the Act and American Recovery and Reinvestment Act guidance.

9. Recapture

a. The grantee shall include in any subaward a requirement providing for recapture to assure that the building remains a qualified low-income building during the 15-year compliance period.

b. The grantee shall notify subawardees that any amount subject to recapture becomes a debt owed to the United States payable to the General Fund of the Treasury and enforceable by all available means against any assets of the recipient entity.

10. Financial Management
a. The grantee must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the designated State housing credit agency must be sufficient to permit preparation of required reports and permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. Effective control and accountability must be maintained for all grant funds.

b. The grantee shall open a new account (Grant Account) with a financial institution for the purpose of receiving grant election amounts, for making distributions of grant election amounts to other agencies within the State, and for making subawards.

c. The grantee must maintain program, financial, and accounting records sufficient to demonstrate that grant funds were used in accordance with the Section 1602 program and these terms and conditions. The Treasury as the awarding office, the cognizant Treasury inspector general, and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to facilities and to any pertinent books, documents, papers, or other records (electronic and otherwise) of grantees, which are pertinent to the grant, in order to make audits, examinations, excerpts, and transcripts.

d. The grantee 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 U.S. 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 U.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.

e. The grantee shall promptly return to its Grant Account any subawards returned to the designated State housing credit agency from subawardees and shall expend returned amounts as subawards before additional grant amounts are drawn from the Treasury.

11. Disallowance, Suspension, and Termination
a. If the grantee materially fails to comply with any term of the award, whether stated in a Federal statute or regulation, the terms and conditions herein, in a State plan or application, a notice of award, or elsewhere, Treasury may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily halt cash payments pending correction of the deficiency by the grantee
- Disallow all or part of the cost of the activity or action not in compliance
- Wholly or partly suspend or terminate the current award
- Withhold further awards for the program
- Take other remedies that may be legally available

In taking an enforcement action, Treasury will provide the grantee the opportunity for a hearing, appeal, or other administrative proceeding to which the grantee is entitled under any statute or regulation applicable to the action involved.

b. The grantee must immediately report any indication of fraud, waste, abuse, or potentially criminal activity pertaining to grant funds to Treasury and the cognizant Treasury inspector general.

12. Return of Unused Grant Funds
a. 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 State housing credit agency before a subaward is made and that is not used for subawards before January 1, 2011.

Signature

Under penalties of perjury, I declare that I have examined the terms and conditions in this application and that the designated State housing credit agency agrees to and will ensure that these terms and conditions will be followed. I declare that I am an authorized official of the designated State housing credit agency and am authorized to bind the State housing credit agency to these Terms and Conditions.

Name		Title	
Phone		Email	
Signature		Date signed	