The American Recovery and Reinvestment Tax Act of 2009 (ARRTA) allows State housing agencies to elect to receive cash grants (as determined under the ARRTA) with respect to a certain portion of the State’s low-income housing tax credit (LIHTC) allocation.

The estimated outlay to States is $3,000,000,000 for 2009. Under the ARRTA, State housing agencies must use a grant to make subawards to finance the acquisition or construction of qualified low-income buildings, generally subject to the same requirements (including rent, income, and use restrictions on such buildings) as the LIHTC allocations.

Historically, the Federal tax law has permitted taxpayers to claim a LIHTC for certain investments made in low-income housing. These LIHTC amounts have helped to attract private capital to invest in the construction, acquisition, or rehabilitation of qualified low-income buildings.

State housing agencies are authorized to allocate the LIHTCs to qualified low-income housing projects. The amount of LIHTCs that a State housing agency may allocate is generally determined by a statutory formula.

State housing agencies will be able to make the election to receive cash grants under the ARRTA in a prescribed manner.

The Department of the Treasury will issue a form of application, with documentation detailing the grant requirements.

Additionally, the payment mechanism and compliance procedures with be set forth. Further information will be posted as it becomes available.