



## Multifamily Housing Notice 09-02

March 23, 2009

**To:** Developers, Sponsors and Local Housing Contacts  
**From:** Patricia Rynn Sylvester, Director, Multifamily Housing  
**Re:**

- ***December 2008 Competitive Funding Round Winners***
- ***Preliminary Information on American Recovery And Reinvestment Act (ARRA) funding for tax credit projects (TCAP and Monetization)***
- ***Tentative – Fall 2009 Competitive Funding Round***

### **December 2008 Competitive Funding Round Winners**

The Maryland Department of Housing and Community Development (DHCD) is pleased to announce the [December 2008 Competitive Funding Round Winners](#) for Rental Housing Funds (RHF) and federal Low Income Housing Tax Credits (LIHTC). Twenty-nine (29) applications were received for projects with a total of 2,426 rental units (1,283 units in 15 family projects and 1,143 units in 14 elderly projects) in 10 counties and Baltimore City. Project applications requested a total of \$46.9 million of RHF and \$27.9 million of LIHTC. Five projects with scores of 272 and above were awarded a total of \$5.5 million in RHF and \$4.7 million in annual LIHTC. An additional 17 projects were awarded a total of \$18.6 million in annual LIHTC. These projects received scores of at least 251 points. DHCD is grateful for the continuing interest in our programs.

### **Preliminary Information on ARRA funding for Tax Credit projects – Tax Credit Assistance Program (TCAP) and “Monetization” funding**

On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) was enacted. Two provisions in ARRA are directly tied to filling financing gaps in multifamily rental projects as a result of recent, dramatic drops in the value of the LIHTC – (1) newly appropriated federal funds designated as gap financing for tax credit projects (Tax Credit Assistance Program (TCAP) funds) and (2) the ability to exchange 2007, 2008 and 2009 LIHTCs for funding (Monetization funds) through the U.S. Treasury. ARRA sets stringent timeframes for committing and expending TCAP and Monetization funds – 75% of the TCAP funds must be committed by February 16, 2010 and expended by February 16, 2011. All of the Monetization funds must be subawarded before January 1, 2011. Both the TCAP and Monetization funds will subject projects to the same limitations (including rent, income, and long term use restrictions) as required by LIHTC Program. To be eligible for TCAP, a project must have received an award of LIHTC on or before September 30, 2009.

The Department is working diligently to ensure that Maryland quickly and effectively utilizes these new federal resources for LIHTC projects. We have had and will continue to have discussions with the National Council of State Housing Agencies (NCSHA), HUD, IRS, the Maryland Affordable Housing Coalition, legal counsel and others on policies and procedures applicable to the use of the funds. Please feel free to contact us to discuss these new federal resources; we would appreciate receiving your input by March 31, 2009. Maryland’s share of the TCAP funds is expected to be \$31.7 million.

The Department must wait until HUD has issued guidance on TCAP funds to finalize and publish procedures for awarding the funds. HUD guidance is expected in late March. The U.S. Treasury has not yet provided details concerning the Monetization funds.

The statutory deadlines incorporated into ARRA will likely require projects receiving TCAP funds to be ready to close on their financing and start construction by the end of 2009. DHCD awards for the December 2008 Competitive Funding Round are intended to maximize the number of projects that would be eligible to apply for the TCAP funds, and will enable these projects to move forward while DHCD awaits federal guidance on the criteria and standards applicable to the award of the TCAP funds. As soon as we receive and analyze the HUD guidance we will post information on how we plan to award TCAP funds.

### **Fall 2009 Competitive Funding Round**

The Department anticipates holding a Fall Competitive Funding Round during 2009. The exact deadline, which will be no earlier than September 2009, will be set after we have finalized the timing for the award of TCAP funds, tentatively anticipated for June 2009. Given the large number of tax credit awards made in the December 2008 Competitive Funding Round, we expect that the Fall 2009 Competitive Funding Round will primarily award Rental Housing Funds and a small amount of CY 2010 LIHTC. This may change as we analyze the financial feasibility of projects in our pipeline taking into account TCAP funds, Monetization funds, and the state of the LIHTC market.

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Please remember that we are announcing future round deadlines, significant application changes, bond program amendments, and other key dates and facts on our web site and by email only. Please make sure that we have your current email address. Please send any additions or corrections to [taxcredits@mdhousing.org](mailto:taxcredits@mdhousing.org) or [rentalhousing@mdhousing.org](mailto:rentalhousing@mdhousing.org) as soon as possible.

Thank you for your interest and participation in the multifamily housing programs in Maryland.

Multifamily Housing Programs  
Community Development Administration  
Maryland Department of Housing and Community Development  
100 Community Place  
Crownsville, MD 21032-2023  
[taxcredits@mdhousing.org](mailto:taxcredits@mdhousing.org) or [rentalhousing@mdhousing.org](mailto:rentalhousing@mdhousing.org)  
410-514-7446  
Toll Free (Maryland Only) 800-543-4505