

Multifamily Housing Notice 09-03

May 8, 2009

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

- **Tax Credit Assistance Program (TCAP)**
- **Section 1602 Tax Credit Monetization Program (Monetization Program)**
- **October 2009 Competitive Funding Round Deadline Notice**

Tax Credit Assistance Program (TCAP)

On May 4, 2009, the U.S. Department of Housing and Urban Development (HUD) issued initial guidance on the Tax Credit Assistance Program (TCAP). The Department is eligible to receive \$31.7 million in TCAP funds and must submit an application to HUD by June 3, 2009. Prior to submitting this application to HUD, the Department must provide a 5 day public comment period of the project selection process and criteria by which the TCAP funds will be awarded to projects. The Department will carry out this process according to the following schedule.

HUD TCAP Application Timeframe

- **May 18, 2009** - Mandatory 5 Day Public Comment Period Opens.
 - o Public Meeting at DHCD (ARRA Breakfast Series).
 - o Application Criteria and Process public announcement via website and publication.
- **May 22, 2009** - Public Comment Period Closes.
- **June 3, 2009** - Department submits application for TCAP funds to HUD.
- **June 13, 2009** - Deadline for completion of TCAP application review by HUD.

Maryland TCAP Supplemental Competitive Funding Round Applications

- July 8, 2009 - Applications for TCAP funds are due to the Department by no later than 5:00 p.m.
- Early August 2009 - TCAP funding awards announced for individual projects.

Preliminary TCAP Supplemental Competitive Funding Round Selection Criteria and Process

The Department is formulating its competitive process for selecting projects to receive TCAP funding. This process is subject to HUD approval and may be based on the following:

- Projects in DHCD pipeline with Tax Credit awards **that have not closed on financing** will be eligible for funding.
 - Includes tax exempt bond loans with applications into the Department.
- Shovel Ready: Demonstrated Readiness to **Start Construction in 2009**.
 - Highest priority to projects that can start in Fall 2009.
- Demonstrated ability to expend 75% of TCAP funds by February 2011.
- Projects must **Place in Service by December 2011**.
- Priority to Projects with Tax Credit investors.

Section 1602 Tax Credit Monetization Program

On May 4, 2009, the U.S. Department of Treasury (Treasury) issued initial guidance on the Section 1602 Tax Credit Monetization Program (the Monetization Program). The Department will file a request to monetize 40% of its 2009 tax credit allocation (about \$5.6 million) in exchange for about \$47.6 million of funds from Treasury. The Department has notified eligible projects with tax credit awards from 2008 and 2007 of a May 29, 2009 deadline to submit requests for monetization. These projects have been provided with application requirements. The Department will evaluate these applications as they are received and may submit additional requests for monetization to Treasury based on its evaluation of these project requests.

The Department's goal for awarding TCAP and Monetization Program funds is to provide funding for those projects that are in the Department's existing pipeline and are mostly likely to proceed to closing by year end 2009 and place in service by December 2011 in order to spend the available funds well within the programs deadlines. These projects are those that have the best probability of stimulating the state and national economies and therefore achieve the essential goals of the federal stimulus legislation.

HUD guidance on TCAP is available at <http://www.hud.gov/recovery/tax-credit.cfm>. Treasury guidance on the Monetization Program is available at <http://www.treasury.gov/recovery/LIH-grants.shtml>.

Additional information may be found on the HUD, Treasury, Recovery.org, and NCSHA websites. Additional guidance from HUD and Treasury may be forthcoming over the next few months. In the meantime, the Department is focused on utilizing the TCAP and Monetization Program efficiently by using currently available information. The Department's TCAP and Monetization Program may change as HUD and Treasury issue new information.

October 2009 Competitive Funding Round Deadline

Applications for the October 2009 Competitive Funding Round are due by Tuesday, October 6, 2009 at 5:00 PM. Applications must be delivered to the mailroom on the ground floor of 100 Community Place, Crownsville Maryland 21032. The October 2009 Competitive Funding Round will be governed by the [2009 Qualified Allocation Plan](#) and the [2009 Multifamily Rental Financing Guide](#) both of which are dated October 24, 2008 and available on the DHCD website.

The most up-to-date Application Submission Package for Multifamily Rental Financing loan and low income housing tax credit programs is available on the Department website at [Application Submission Package](#). This application package must be used for requests for financing through the following programs: Multifamily Bond Program (MBP), Rental Housing Fund (RHF), Federal Low Income Housing Tax Credits (9% and 4% Tax Credits), Maryland Housing Rehabilitation Program – Multifamily (MHRP-MF), and the Partnership Rental Housing Program (PRHP). This application submission package should be used for applications submitted for the October 2009 Competitive Funding Round due **October 6, 2009**.

Given the large number of tax credit awards made in the December 2008 Competitive Funding Round, we expect that the October 2009 Competitive Funding Round will primarily award Rental Housing Funds and a small amount of 2010 low income housing tax credits. At this time, the Department does not envision awarding any TCAP or Monetization Program funds through the October 2009 Competitive Funding Round. This may change as we analyze the financial feasibility of Projects in our pipeline taking into account TCAP funds, Monetization funds, regulatory changes and the state of the tax credit market.

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 or Rentalhousing@mdhousing.org as soon as possible.

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

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