

American Recovery and Reinvestment Act of 2009
Department of Housing and Urban Development
Program-Level Plan
Tax Credit Assistance Program (TCAP)

This archived document is no longer applicable.

a. FUNDING TABLE:

ACTIVITY	FUNDING LEVEL
Rental housing development	\$2,250,000,000.00

b. OBJECTIVES:

HUD's Recovery Act funds support three themes that align with the broader goals of the Recovery Act: (1) promoting energy efficiency and creating green jobs, (2) unlocking the credit markets and supporting shovel-ready projects, and (3) mitigating the effects of the economic crisis and preventing community decline. HUD's overriding objective in support of these goals is the creation and preservation of jobs.

The Recovery Act appropriated \$2.250 billion for what has emerged as the Tax Credit Assistance Program (TCAP), a grant program to provide funds for capital investments in stalled Low-Income Housing Tax Credit (LIHTC) projects. HUD is awarding these TCAP grants by formula to state housing credit agencies to complete construction of qualified housing projects that will ultimately provide affordable housing to an estimated 35,000 households. Since a major purpose of TCAP funds is to immediately create new jobs or save jobs at risk of being lost due to the current economic crisis, the Recovery Act establishes deadlines for the commitment and expenditure of grant funds and requires state housing credit agencies to give priority to projects that will be completed by February 16, 2012. TCAP funds not expended by that date will be recaptured by HUD.

The expected benefits of TCAP are to increase quality & longevity of housing stock, produce tens of thousands of affordable housing units, and unlock private lending. In addition, we will meet HUD's overriding goal of creating and preserving jobs. The specific benefit of the TCAP program will be to provide affordable rental housing to low-income households with attention in creating new or preserving existing jobs. Funding must be used for capital investments.

c. ACTIVITIES:

Kinds and scope of projects and activities to be performed: TCAP funds may be used for capital investment in eligible LIHTC projects. Capital investment means costs that are included in the 'eligible basis' of a project under Section 42 of the IRC. TCAP funds cannot be used for the administrative costs of TCAP grantees, including the cost of operating the program or monitoring compliance, and section 1604 of the Recovery Act specifically prohibits the use of grant funds for swimming pools. The TCAP assistance provided to a project must be made in the same manner and subject to the same limitations (including rent, income, use restrictions and compliance monitoring) as required by the state housing credit agency with respect to an award of LIHTC to a project (i.e., as required under Section 42 of the IRC and its implementing regulations), and all other requirements of the Act.

Project/Activity: Rental housing development

Description: Capital investments in low-income tax credit projects

Funding: \$2,250,000,000.00



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d. CHARACTERISTICS:

Type of Financial Award: A - Formula Grants

Funding Amount: \$2,250,000,000.00

Methodology for Award Selection: HUD will distribute TCAP funds to each state housing credit agency based on the percentage of the FY 2008 HOME Program appropriation received by the state and local HOME participating jurisdictions in the state.

Type(s) of Recipients: Government - State

Type(s) of Beneficiaries: State, Local - County

Estimated dollar amount of Federal in-house activity: \$00.00

e. DELIVERY SCHEDULE:

Milestone Description: The Recovery Act imposes both commitment and expenditure deadlines on the grantee's use of TCAP funds.

Milestone: Allocate 100% of all TCAP funds.

Expected Completion Date: 2/25/2009

Milestone: Obligate 100% of all TCAP funds.

Expected Completion Date: 9/30/2009

Milestone: Expend 100% of all TCAP funds.

Expected Completion Date: 2/16/2012

f. ENVIRONMENTAL REVIEW COMPLIANCE:

AREA OF COMPLIANCE	RENTAL HOUSING DEVELOPMENT
Compliance with National Environmental Policy Act (NEPA)	The Recovery Act expressly applies section 288 of the HOME 10 statute, which requires the State to assume responsibility for environmental review under the National Environmental Policy Act (NEPA) of 1969 and related federal environmental authorities and regulations at 24 CFR Part 58 "Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities." No TCAP funds may be committed to a project before completion of the environmental review process.



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Compliance with National Historic Preservation Act and related statutes	Compliance with NEPA includes compliance with the National Historic Preservation Act and related statutes.
Milestones dependent on environmental review process	No TCAP funds may be committed to a project before completion of the environmental review process. The grantee must receive a signed Request for Release of Funds and Certification form (HUD 7015.15) before proceeding with the project.
Potential impact of environmental reviews on project implementation	Once an owner applies for TCAP funds, committing TCAP or any other funds to or undertaking any “choice-limiting” activity prior to successful completion of the environmental clearance review (i.e., HUD approval of the Request for Release of Funds), is prohibited. This includes any activity that will result in a physical change and/or acquisition, including leasing, or disposition of real property. Performing a choice-limiting action may disqualify a project from receiving any federal funds.

g. MEASURES:

All targets for job creation and retention and units developed and rehabilitated do not take into consideration the fact that additional funds may be leveraged, which may understate our projections. HUD is continuing to identify and evaluate the impact of leveraged funds on its targets.

Measure: Funds Obligated by HUD

Measure Type: Efficiency

Measure Frequency: Quarterly

Direction of Measure: Increasing

Unit of Measure: Dollars

Explanation of Measure: Quantifies efficiency and timeliness by measuring the dollar amount of funds obligated by HUD on a quarterly basis.

Actual: TBD

Goal Lead: Clifford Taffet

Measurement Methodology: HUD will track this through the existing Integrated Disbursement and Information System (IDIS).

How result will be readily accessible to the public: This data will be made available on HUD.gov/Recovery.



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2009 Projections			2010 Projections		
Original Program Target	Revised Program Target	Target (incremental change in performance)	Original Program Target	Revised Program Target	Target (incremental change in performance)
N/A	N/A	\$2,250,000,000	N/A	N/A	\$0

Measure: Funds Expended by Grantees

Measure Type: Efficiency

Measure Frequency: Quarterly

Direction of Measure: Increasing

Unit of Measure: Dollars

Explanation of Measure: Quantifies efficiency and timeliness by measuring the dollar amount of funds expended by grantees on a quarterly basis.

Actual: TBD

Goal Lead: Clifford Taffet

Measurement Methodology: Grantees will self-report monthly on the use of TCAP funds through the existing Integrated Disbursement and Information System (IDIS). HUD will do remote monitoring through IDIS data downloads of project level data.

How result will be readily accessible to the public: This data will be made available on HUD.gov/Recovery.

2009 Projections			2010 Projections		
Original Program Target	Revised Program Target	Target (incremental change in performance)	Original Program Target	Revised Program Target	Target (incremental change in performance)
N/A	N/A	\$225,000,000	N/A	N/A	\$1,012,000,000

Measure: Number of Jobs Created or Retained

Measure Type: Output

Measure Frequency: Quarterly

Direction of Measure: Increasing

Unit of Measure: FTEs

Explanation of Measure: Tracks the number of jobs created or retained through Program activity each quarter.



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Actual: TBD

Goal Lead: Clifford Taffet

Measurement Methodology: Grantees will self-report monthly on the use of TCAP funds through the existing Integrated Disbursement and Information System (IDIS). HUD will do remote monitoring through IDIS data downloads of project level data.

How result will be readily accessible to the public: This data will be made available on HUD.gov/Recovery.

2009 Projections			2010 Projections		
<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>	<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>
N/A	N/A	1,818	N/A	N/A	8,048

Measure: Number of Affordable Housing Units Developed

Measure Type: Output

Measure Frequency: Quarterly

Direction of Measure: Increasing

Unit of Measure: Housing Units

Explanation of Measure: Measures Program success in contributing to HUD's goals of supporting shovel-ready projects and increasing the quality of housing stock by tracking the number of new affordable housing units developed each quarter.

Actual: TBD

Goal Lead: Clifford Taffet

Measurement Methodology: Grantees will self-report monthly on the use of TCAP funds through the existing Integrated Disbursement and Information System (IDIS). HUD will do remote monitoring through IDIS data downloads of project level data.

How result will be readily accessible to the public: This data will be made available on HUD.gov/Recovery.

2009 Projections			2010 Projections		
<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>	<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>
N/A	N/A	1,833	N/A	N/A	8,005



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Measure: Number of Affordable Housing Units Rehabilitated

Measure Type: Output

Measure Frequency: Quarterly

Direction of Measure: Increasing

Unit of Measure: Housing Units

Explanation of Measure: Measures Program success in contributing to HUD's goals of supporting shovel-ready projects and increasing the quality of housing stock by tracking the number units rehabilitated each quarter.

Actual: TBD

Goal Lead: Clifford Taffet

Measurement Methodology: Grantees will self-report monthly on the use of TCAP funds through the existing Integrated Disbursement and Information System (IDIS). HUD will do remote monitoring through IDIS data downloads of project level data.

How result will be readily accessible to the public: This data will be made available on HUD.gov/Recovery.

2009 Projections			2010 Projections		
<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>	<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>
N/A	N/A	1,833	N/A	N/A	8,005

Measure: Number of Units Receiving Energy Conservation/Green Improvements

Measure Type: Output

Measure Frequency: Quarterly

Direction of Measure: Increasing

Unit of Measure: Housing Units

Explanation of Measure: Measures Program success in contributing to HUD's goals of increasing the quality of housing stock and increasing energy efficiency by tracking the number of new affordable housing units receiving energy conservation and/or other green improvements each quarter.

Actual: TBD

Goal Lead: Clifford Taffet

Measurement Methodology: Grantees will self-report monthly on the use of TCAP funds through the existing Integrated Disbursement and Information System (IDIS). HUD will do remote monitoring through IDIS data downloads of project level data.

How result will be readily accessible to the public: This data will be made available on HUD.gov/Recovery.



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2009 Projections			2010 Projections		
<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>	<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>
N/A	N/A	183	N/A	N/A	800

h. MONITORING AND EVALUATION:


Description of Agency Periodic Review of Partners' progress:

(1) Data Collection and Reporting

- a. Spend Plan Submissions: These identify the plan for the use of funds for each grantee. After award, but before gaining access to funds, the grantees must submit a plan on how to use their funds. TCAP grantees must submit a statement of intent to accept TCAP funds, which must include: a statement that indicates whether the grantee intends to accept the entire amount of its TCAP formula allocation; a statement detailing which, if any, other federal grant funds the grantee currently administers; a statement regarding the status of its 2009 LIHTC allocation process; and the name and contact information of the individual designated as the agency contact for TCAP. In addition, each TCAP grantee must submit a written description of all the selection criteria and any weightings assigned that it will use to competitively award its TCAP funds. HUD plans to provide links to the website of each TCAP grantee on www.hud.gov/recovery on which the Qualified Allocation Plans for each can be found. TCAP grantees are required to enter project-level data in HUD's Integrated Disbursement and Information System (IDIS). HUD will use this data to provide commitment, expenditure, completion, and accomplishment information on www.hud.gov/recovery.
- b. Financial Reports: HUD has two financial reports that will be generated and analyzed on a weekly basis. These include a Summary Financial Report that indicates the amount of funds for each program, and a Funding Notification Report, which shows the amount of funding by program for every jurisdiction, including local governments and states.
- c. Quarterly Recipient Reports: The cornerstone of HUD's monitoring and evaluation system is the project and contract data collected from grantees. The Recovery Act specifically requires data collection fields for grantees and contractors. In addition to these data, HUD will also collect program-specific measures from TCAP grantees, including the following project-level data elements: General Information, Objective and Outcome, Special Characteristics, Project Unit Information, Period of Affordability and Project Costs.

- (2) Ongoing Grantee Management: HUD categorizes grantees by risk, then monitors and allocates interventions, including training, technical assistance and if warranted, disciplinary action, accordingly. A TCAP grantee may be considered high risk if HUD determines that a grantee (1) has a history of unsatisfactory performance, or (2) is not financially stable, or (3) has a management system which





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does not meet the management standards set forth in this part, or (4) has not conformed to terms and conditions of previous awards, or (5) is otherwise not responsible. To ensure TCAP funds are expended on eligible activities, HUD will review project-level data in its reporting system on a frequent basis and to ensure budget/cost compliance, HUD's financial system will not allow TCAP grantees to drawdown more funds than are committed to the TCAP project. HUD will require all TCAP grantees to meet statutory requirements of the Recovery Act and all federal cross cutting requirements as identified in HUD Notice CPD 09-03, *Implementation of the Tax Credit Assistance Program (TCAP)*, May 4, 2009, through its grant agreement with each TCAP grantee. If the grantee does not meet its statutory commitment or expenditure requirements, HUD will deobligate the funds and reallocate the funds to grantees meeting these requirements. HUD will refer all eligibility, cost reasonableness, and compliance issues regarding Section 42 of the IRC to the IRS.

i. and j. TRANSPARENCY AND ACCOUNTABILITY:

With respect to reporting, OMB has issued detailed guidance on the requirements for recipients of the Recovery Act funds. Specifically, each prime and first tier recipient is required to report specified information to HUD 10 days after the end of each calendar quarter. This includes but is not limited to a detailed list of all projects and activities for which Recovery Act funds were obligated or expended, an evaluation of the completion status of the project or activity, and an estimate of the number of jobs created or retained. In addition to the overarching requirements of the Recovery Act, HUD has also identified a number of program-specific measures that will be collected through this reporting process.

HUD expects that the transparency requirements of the Recovery Act, specifically the requirement to publish both spending and recipient performance reports, will create accountability amongst its managers and grantees. That said, HUD will establish additional internal management controls to create a greater level of accountability for performance. The HUD Recovery Act program management team will work with the leads of the program and cross-cutting teams to prepare a bi-weekly program snapshot report for the steering committee to review with the Deputy Secretary and Secretary. Drawing from the program and risk management plans, the reports will include summary-level quantitative financial and programmatic performance measures and targets, key milestones, and issues or risks. Interim spending and performance targets will be set to ensure that annual objectives from the program plans are met. Performance data will be summarized by grantee risk category, as defined in the agency's risk management plan. Performance measure targets and milestones that are missed, or that are in jeopardy of being missed, will be accompanied by an explanation of the reasons why, including any issues affecting progress and the specific plan for their resolution or mitigation. The report will also identify specific grantees with performance issues, and summarize the actions being taken to address them. In addition to the bi-weekly reporting, each program team will meet with the Secretary, Deputy Secretary and Steering Committee on a monthly basis to review a more detailed set of Recovery Act performance measures. On a quarterly basis, these monthly meetings will include updated grant recipient data described above.



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k. BARRIERS TO EFFECTIVE IMPLEMENTATION:


Phase	Barrier/Concern	Proposed Solution	Targeted Resolution Date
Pre-Implementation	<p><u>Legislative Risk:</u></p> <p>The Recovery Act requires HUD to refer to Section 42 of the Internal Revenue Code (IRC) of 1986 to administer this program. The objective of this program was to allow the TCAP funds to be used exactly like the existing Dept. of Treasury's program Low Income Housing Tax Credit (LIHTC). However, the act states that the TCAP funds will be treated as a grant which is subject to federal financial assistance requirements. The LIHTC at the Dept. of Treasury program does not have federal funding requirements.</p>	<p>The ability to ensure project compliance with Section 42 of the IRC will be challenging. Therefore, CPD will consult with the program experts at IRS on all LIHTC questions regarding the compliance with Section 42 of the IRC.</p>	TBD
	<p><u>Staffing Resources:</u></p> <p>Current staff lacks in house expertise LIHTC programs and projects to monitor use of funds. CPD management has identified the need for additional staff.</p>	<p>Proposes to hire three additional FTEs with TCAP knowledge to ensure proper administration of TCAP.</p>	TBD
	<p><u>Formula Allocation:</u></p> <p>The formula allocation basis is different for both programs. The LIHTC allocation is based on population per capita and TCAP allocation is based on HOME formula allocation which includes six different factors. There is a disparity between the two formulas which would result in some recipients' not receiving enough or some receiving more TCAP funds.</p>	<p>CPD's notice will give the State Housing Agencies the option to decline all or some of the TCAP funds. Thereby, allowing these funds to be reallocated to needy agencies.</p>	



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Phase	Barrier/Concern	Proposed Solution	Targeted Resolution Date
Post- Implementation	Systems Capability	Because the Office of Affordable Housing Programs (OAHP) does not have the required administrative funds to enhance IDIS data collection, OAHP will work with other block grant programs (who have received administrative Recovery Act funds and will also use IDIS), to make the required upgrades globally.	October 2009
	Program Structure	Due to the lack of existing TCAP program guidance and internal procedures to effectively manage the program. OAHP staff will define, develop, and produce guidance for OAHP staff as well as the grantees. The guidance and internal procedures will be used to assist OAHP staff to administer TCAP funds regarding pre-award submissions to ensure completeness.	TBD
	Lack of Written Policies and Procedures	OAHP will develop guidance and procedures for state Housing Credit Agencies to assist them with interpretation of Federal grant funding requirements. OAHP will offer training and technical assistance to grantees regarding compliance with Federal grant requirements.	TBD
	<u>Lack of Grantee Knowledge:</u> Grantees may not understand the difference between the TCAP program administered by HUD and the LIHTC program administered by Treasury.	CPD will provide guidance and Q&As for HUD's TCAP program and agency requirements.	TBD





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I. FEDERAL INFRASTRUCTURE INVESTMENTS:

This program does not invest in Federal infrastructure. However, for HUD's programs that include construction or rehabilitation or are Federal investments in privately owned housing: New buildings and major renovations financed through formula grants are required to meet local energy codes. New construction and major renovations financed through some competitive grant programs will, in the case of single family homes, be built to the standard for Energy Star for New Homes (15 percent more efficient than the 2004 International Residential Code); or in the case of multifamily buildings to exceed ASHRAE (American Society of Heating, Refrigeration, and Air-conditioning Engineers) Code 90.1 2007, Appendix G, by 20 percent. HUD's competitive program requirements also ensure that new construction and major renovations follow sustainable design and green construction principles to (1) optimize energy efficiency and performance; (2) employ integrated design principles (and controls); (3) protect and conserve water; (4) enhance indoor air quality; and (5) reduce environmental impact of materials used.

