

**American Recovery and Reinvestment Act of 2009**  
**Overview and Progress Report**  
**October 16, 2009**

ARRA provides the Connecticut Housing Finance Authority (CHFA) with two new tools to assist in the development of affordable rental housing through the Low-Income Housing Tax Credit (LIHTC) Program. These tools include the Tax Credit Assistance Program (TCAP), which will provide direct funding to CHFA through the federal Department of Housing and Urban Development (HUD), and the Section 1602 Tax Credit Exchange program that allows CHFA to return unused low-income housing tax credits to the U.S. Treasury in exchange for cash grants.

**Tax Credit Assistance Program (TCAP)**

CHFA has received \$26,170,888 through a formula grant from the federal Department of Housing and Urban Development (HUD). This funding is for investment in projects awarded low-income housing tax credits in federal fiscal years 2007, 2008, or 2009. ARRA requires that CHFA distribute these funds competitively and according to its Low-Income Housing Tax Credit Qualified Allocation Plan (QAP), and that CHFA give priority to projects that are expected to be completed by February 2012. Seventy-five percent of TCAP funds must be committed by February 2010, seventy-five percent must be expended by February 2011, and one-hundred percent of the funds must be expended by February 2012.

Since receiving critical guidance on the program from HUD in May the CHFA has developed selection criteria and an allocation process, finalized its assistance agreement with HUD and implemented the allocation of TCAP funds in coordination with its 2009 funding round for Low Income Housing Tax Credits.

In August of 2009 CHFA provided initial authorization for allocation of \$24,540,000 in TACP funds to eight (8) developments with 787 apartments leveraging \$189,000,000 million in total investment generating over 2,000 total jobs in the economy.

Currently CHFA is working with all seven development teams to finalize their funding agreements and expedite their progress toward construction.

### **Section 1602 Tax Credit Exchange**

ARRA provides CHFA with the ability to exchange returned or unused federal low-income housing tax credits with the U.S. Treasury for a grant at a fixed price. All unused or returned credit allocations from 2007 and 2008 may be exchanged. Up to 40% of CHFA's 2009 credit allocation may also be exchanged. Housing developers with tax credit allocations must undertake good faith efforts to raise private investment capital before returning credits. Exchanges must be executed before December 31, 2009 with all grant funds to be expended before December 31, 2011.

In July and August CHFA received approval from the Treasury for \$50,600,000 in funding in exchange for the return of unused 2008 tax credits. CHFA has provided initial authorization assistance to five (5) developments needing \$49,100,000 in funding enable the development of 279 apartments leveraging 99,000,000 in total investment generating over 1,000 total jobs in the economy

Currently CHFA is working with all five development teams to finalize their funding agreements and expedite their progress. Two of these developments are already under construction.