

**DELAWARE STATE HOUSING AUTHORITY  
APPLICATION FOR TAX CREDIT ASSISTANCE PROGRAM (TCAP)  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)**

**Submission Requirements**

After reviewing the requirements put forth in this Notice, any state housing credit agency interested in accepting all or a portion of its TCAP allocation must submit the following information within 30 days of the publication date of this Notice. Any state housing credit agency which fails to submit the required TCAP Submission Packet will be considered to have declined the receipt of its entire TCAP formula allocation. HUD will not award funds to any state housing credit agency that has not provided the following information:

**A. STATEMENT OF INTENT TO ACCEPT TCAP FUNDS, WHICH MUST INCLUDE**

1. A statement that indicates whether the grantee intends to accept the entire amount of its TCAP formula allocation. *(DSHA's statements are bolded and italic below)*

***Delaware State Housing Authority (DSHA) intends to accept the entire \$6,608,893 TCAP formula allocation.***

2. A statement detailing which, if any, other federal grant funds the state housing credit agency currently administers (LIHTCs are not federal grant funds).

***DSHA is the State Community Development and Planning agency (CPD) for the State of Delaware's HOME Program and Neighborhood Stabilization Program. DSHA is also the Consolidated Planning entity for Kent and Sussex County and administrator of Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), Housing Opportunities for Persons with Aids (HOPWA) for Kent and Sussex Counties in Delaware. Other Federal grant funds administered by DSHA include Project-Based Section 8 Rental Assistance for the entire State, Housing Choice Voucher Program, Public Housing Program, Capital Fund Program, Public Housing Homeownership Program and the Moving to Work Program in Kent and Sussex Counties.***

2. A statement regarding the status of its 2009 LIHTC allocation process;

***DSHA is the housing credit agency and allocation agency for the Low Income Housing Tax Credit Program (LIHTC) in the State of Delaware. DSHA 2009's Qualified Allocation Plan (QAP) was approved by the Governor of Delaware in November 2008. LIHTC applications were due on 04/09/09. DSHA has received seven (7) applications. DSHA 2009 LIHTC Allocation applications are currently being underwritten and scored according to DSHA's Qualified Allocation Plan. Awards will be made by September 30, 2009. In 2008, DSHA allocated credits to four (4) properties. Three of the four LIHTC applicants have shovel ready properties but have not secured investors for their tax credit allocations.***

4. The name and contact information, including email address, phone and fax number, of the individual designated as the agency contact for TCAP.

*DSHA's Contact Information:  
H. James Loescher  
18 The Green  
Dover, DE 19901  
302-739-4263 (phone)  
302-739-1117 (fax)  
[jiml@destatehousing.com](mailto:jiml@destatehousing.com)*

**B. DESCRIPTION OF COMPETITIVE SELECTION CRITERIA:**

As described below, the grantee must distribute the TCAP funds competitively under the requirements of the Recovery Act (i.e., give priority to projects that are expected to be completed by February 16, 2012) and pursuant to the existing Qualified Allocation Plan (QAP).

Each state housing credit agency must submit a written description of all the selection criteria and any weightings assigned that it will use to competitively award its TCAP funds. The state housing credit agency must also define an "award of LIHTCs" which can be as early as the date of public notice of the funding decision for a particular project. The same definition of an "award of LIHTCs" must be uniformly applied to all LIHTC projects for the purpose of determining project eligibility for TCAP funding.

Written descriptions of selection criteria and weightings assigned to competitively award TCAP funds

**DSHA Written TCAP SELECTION CRITERIA**

*DSHA will evaluate applications based on the following criteria, which are listed in order of importance and priority:*

1. *Eligible TCAP properties must expend TCAP funds by December 31, 2010 and be "completed" with certificates of occupancy or Placed in Service by December 31, 2011.*
2. *Eligible TCAP properties that have received an award of tax credits and are "shovel-ready" and have an investor will be given priority. The project owner must have sold as many credits at a high a price as market conditions allow. Projects that are considered "shovel ready" to start construction are defined as projects that have completed all or the majority of the following:*
  - *Completed federal requirements, including the environmental review clearance and other cross cutting requirements;*
  - *Has final construction drawings and plans and specifications;*
  - *Has solicited three bids for the construction work;*
  - *Received building permits or letters from the local jurisdiction stating the project has been approved for a building permit;*

- Executed a construction contract, secured construction financing and have set a construction closing date.

**TCAP Funds will be awarded in chronological order of “shovel-readiness”.**

**C. COMMITMENT AND EXPENDITURE DEADLINES:**

1. *TCAP Funding Commitments/Loan Agreements (Commitment) will specify construction schedules. If an Owner fails to expend TCAP funds according to the TCAP Commitment, DSHA will assess whether the delay will affect Owner’s ability to meet federal requirements. Depending on the circumstances, DSHA may allow the Owner an opportunity to remedy the situation.*
2. *If a construction delay will affect DSHA’s ability to meet ARRA expenditure requirements, DSHA will take necessary steps to redistribute TCAP funds to a more deserving project, including the following:*
  - *De-obligating the remaining TCAP funds;*
  - *Initiating foreclosure proceedings to recoup amounts already expended; and*
  - *Redistribute the de-obligated and/or recouped TCAP funds to other eligible projects based on the selection criteria in Section II (C).*
3. *Remedies for loan default or other noncompliance may include, but is not limited to, DSHA having the ability to do some or all of the following:*
  - *Declare participants not in good standing;*
  - *Declare owners and related entities (as determined by DSHA) ineligible to participate in DSHA programs.*
  - *Change the structure of the ownership entity, including adding or removing members/partners;*
  - *Replace the management company and contractors;*
  - *Initiate foreclosure proceedings; and*
  - *Other remedies as determined by DSHA, such as posting a Letter of Credit*
4. *DSHA will impose both commitment and expenditure deadlines on the project owner’s use of TCAP funds and will assure HUD that the following deadlines will be met by DSHA:*
  - *DSHA will commit not less than 75 percent of its TCAP grant within one year of the enactment of the Recovery Act (i.e., by February 16, 2010);*
  - *DSHA will demonstrate that all project owners have expended 75 percent of the TCAP funds within two years of the enactment of the Recovery Act (i.e., by February 16, 2011);*
  - *DSHA will expend 100 percent of its TCAP grant within three years of the enactment of the Recovery Act (i.e., by February 16, 2012).*
5. *DSHA will use the IDIS system at HUD to track and report to HUD on a regular basis in IDIS its progress in committing and expending TCAP formula grant funds*

**DSHA'S APPLICATION, TCAP SELECTION CRITERIA AND PROCESS IS ATTACHED TO THIS HUD SUBMISSION WHICH INCLUDES THE APPLICATION PROCESS, THRESHOLD REQUIREMENTS, SELECTION CRITERIA, AND COMMITMENT AND POST AWARD TCAP REQUIREMENTS.**

**D. RECOVERY ACT ACCOUNTABILITY AND TRANSPARENCY REQUIREMENTS:**

1. *DSHA has published its TCAP Selection Process and Criteria on DSHA's website [http://www.destatehousing.com/services/dv\\_tcap.shtml](http://www.destatehousing.com/services/dv_tcap.shtml) and has sent all TCAP information to DSHA's List Serve Interested Parties of the LIHTC program in Delaware. DSHA has made the TCAP Selection Process and Criteria available to the public and accepted comments for a five-day period. Please see attached comments and responses. The TCAP award projects/recipients and funding amounts will be posted on the website. All quarterly reports will be posted to this website for review of the public.*
2. *DSHA and all project owners will be required to report to HUD, 10 days after the end of each calendar quarter starting on June 10th, 2009, information similar to the following:*
  - *The total amount of TAP funds received;*
  - *The amount of TCAP funds expended or obligated to projects or activities, including unobligated balances;*
  - *A detailed list of all projects or activities for which TCAP funds were expended or obligated, including:*
    - ✓ *The name of the project,*
    - ✓ *A description of the project,*
    - ✓ *An evaluation of the completion status of the project, and*
    - ✓ *An estimate of the number of jobs created and the number of jobs retained by the project.*
3. *DSHA will remain in compliance with the accountability and transparency requirements for the duration of the TCAP grant by posting information to the website for review of the public as needed. All TCAP applications, policies and procedures are available for review by the public.*

**E. ADDITIONAL ELEMENTS OF THE TCAP SUBMISSION:**

*Standard Form 424 (Application for Funds) – See Attached  
Central Contractor Registration (CCR) for DSHA – See Attached  
Disclosure of Lobbying Activities – See Attached*

**F. TCAP WRITTEN AGREEMENTS AND DISBURSEMENTS**

*Written Agreements – DSHA will execute a legally binding written agreement with each project owner. The written agreement, will be called a TCAP written agreement, and will set forth all of the TCAP program and crosscutting federal grant requirements applicable to the funding, and must make these requirements enforceable through the recordation of a restriction that is binding on all owners and successors, e.g., a covenant. The TCAP*

*written agreement for a project will not be executed until environmental clearance for the project is completed and the Request for Release of Funds (RROF) is approved. The TCAP written agreement must be signed and dated by the grantee and project owner before any TCAP funds are disbursed. DSHA will retain a copy of the executed TCAP written agreement and make these agreements available for HUD review, upon request.*

#### **G. PROGRAM INCOME**

Program Income -- means gross income received by the grantee generated by the use of TCAP funds during the grant period. This includes, but is not limited to, principal and interest from a loan made with TCAP funds, or other income or fees received from project owners in connection with TCAP funds, and interest earned by the grantee on program income before its disposition.

*DSHA will record program income receipts in HUD's IDIS and use them in accordance with the TCAP requirements. DSHA will expend all program income for eligible TCAP costs before additional appropriated TCAP grant funds are drawn from the U.S. Department of Treasury. DSHA will continually monitor the amount of program income on-hand or anticipated, and be aware of these amounts when assessing the progress towards meeting the commitments and expenditure deadlines for TCAP funds.*

#### **H. ASSET MANAGEMENT**

*DSHA will perform the asset management functions for the TCAP program at the owner's expense, to ensure compliance with Section 42 of the IRC and the long-term viability of projects funded by TCAP. Costs associated with asset management are administrative costs will not paid with TCAP funds.*

7/7/2009