

1 (5) any recovery zone economic development
2 bond (as defined in section 1400U-2 of the Internal
3 Revenue Code of 1986).

4 **SEC. 1602. GRANTS TO STATES FOR LOW-INCOME HOUSING**
5 **PROJECTS IN LIEU OF LOW-INCOME HOUS-**
6 **ING CREDIT ALLOCATIONS FOR 2009.**

7 (a) IN GENERAL.—The Secretary of the Treasury
8 shall make a grant to the housing credit agency of each
9 State in an amount equal to such State's low-income hous-
10 ing grant election amount.

11 (b) LOW-INCOME HOUSING GRANT ELECTION
12 AMOUNT.—For purposes of this section, the term “low-
13 income housing grant election amount” means, with re-
14 spect to any State, such amount as the State may elect
15 which does not exceed 85 percent of the product of—

16 (1) the sum of—

17 (A) 100 percent of the State housing credit
18 ceiling for 2009 which is attributable to
19 amounts described in clauses (i) and (iii) of sec-
20 tion 42(h)(3)(C) of the Internal Revenue Code
21 of 1986, and

22 (B) 40 percent of the State housing credit
23 ceiling for 2009 which is attributable to
24 amounts described in clauses (ii) and (iv) of
25 such section, multiplied by

1 (2) 10.

2 (c) SUBAWARDS FOR LOW-INCOME BUILDINGS.—

3 (1) IN GENERAL.—A State housing credit agen-
4 cy receiving a grant under this section shall use such
5 grant to make subawards to finance the construction
6 or acquisition and rehabilitation of qualified low-in-
7 come buildings. A subaward under this section may
8 be made to finance a qualified low-income building
9 with or without an allocation under section 42 of the
10 Internal Revenue Code of 1986, except that a State
11 housing credit agency may make subawards to fi-
12 nance qualified low-income buildings without an allo-
13 cation only if it makes a determination that such use
14 will increase the total funds available to the State to
15 build and rehabilitate affordable housing. In com-
16 plying with such determination requirement, a State
17 housing credit agency shall establish a process in
18 which applicants that are allocated credits are re-
19 quired to demonstrate good faith efforts to obtain
20 investment commitments for such credits before the
21 agency makes such subawards.

22 (2) SUBAWARDS SUBJECT TO SAME REQUIRE-
23 MENTS AS LOW-INCOME HOUSING CREDIT ALLOCA-
24 TIONS.—Any such subaward with respect to any
25 qualified low-income building shall be made in the

1 same manner and shall be subject to the same limi-
2 tations (including rent, income, and use restrictions
3 on such building) as an allocation of housing credit
4 dollar amount allocated by such State housing credit
5 agency under section 42 of the Internal Revenue
6 Code of 1986, except that such subawards shall not
7 be limited by, or otherwise affect (except as provided
8 in subsection (h)(3)(J) of such section), the State
9 housing credit ceiling applicable to such agency.

10 (3) COMPLIANCE AND ASSET MANAGEMENT.—

11 The State housing credit agency shall perform asset
12 management functions to ensure compliance with
13 section 42 of the Internal Revenue Code of 1986
14 and the long-term viability of buildings funded by
15 any subaward under this section. The State housing
16 credit agency may collect reasonable fees from a
17 subaward recipient to cover expenses associated with
18 the performance of its duties under this paragraph.
19 The State housing credit agency may retain an
20 agent or other private contractor to satisfy the re-
21 quirements of this paragraph.

22 (4) RECAPTURE.—The State housing credit
23 agency shall impose conditions or restrictions, in-
24 cluding a requirement providing for recapture, on
25 any subaward under this section so as to assure that

1 the building with respect to which such subaward is
2 made remains a qualified low-income building during
3 the compliance period. Any such recapture shall be
4 payable to the Secretary of the Treasury for deposit
5 in the general fund of the Treasury and may be en-
6 forced by means of liens or such other methods as
7 the Secretary of the Treasury determines appro-
8 priate.

9 (d) RETURN OF UNUSED GRANT FUNDS.—Any grant
10 funds not used to make subawards under this section be-
11 fore January 1, 2011, shall be returned to the Secretary
12 of the Treasury on such date. Any subawards returned
13 to the State housing credit agency on or after such date
14 shall be promptly returned to the Secretary of the Treas-
15 ury. Any amounts returned to the Secretary of the Treas-
16 ury under this subsection shall be deposited in the general
17 fund of the Treasury.

18 (e) DEFINITIONS.—Any term used in this section
19 which is also used in section 42 of the Internal Revenue
20 Code of 1986 shall have the same meaning for purposes
21 of this section as when used in such section 42. Any ref-
22 erence in this section to the Secretary of the Treasury
23 shall be treated as including the Secretary's delegate.

1 (f) APPROPRIATIONS.—There is hereby appropriated
2 to the Secretary of the Treasury such sums as may be
3 necessary to carry out this section.

4 **SEC. 1603. GRANTS FOR SPECIFIED ENERGY PROPERTY IN**
5 **LIEU OF TAX CREDITS.**

6 (a) IN GENERAL.—Upon application, the Secretary
7 of the Treasury shall, subject to the requirements of this
8 section, provide a grant to each person who places in serv-
9 ice specified energy property to reimburse such person for
10 a portion of the expense of such property as provided in
11 subsection (b). No grant shall be made under this section
12 with respect to any property unless such property—

13 (1) is placed in service during 2009 or 2010, or

14 (2) is placed in service after 2010 and before
15 the credit termination date with respect to such
16 property, but only if the construction of such prop-
17 erty began during 2009 or 2010.

18 (b) GRANT AMOUNT.—

19 (1) IN GENERAL.—The amount of the grant
20 under subsection (a) with respect to any specified
21 energy property shall be the applicable percentage of
22 the basis of such property.

23 (2) APPLICABLE PERCENTAGE.—For purposes
24 of paragraph (1), the term “applicable percentage”
25 means—