Tax Credit Partners:

At its December 18, 2008, Board of Director's meeting; the Board for the Arkansas Development Finance Authority determined to place priority on those existing developments that have previously received low-income tax credit allocations but have not placed in service or been successful in closing their developments because of the market conditions mainly due to the significant reduction in tax credit equity pricing.

In an attempt to assist in the successful completion and financial feasibility of these existing developments, the Board has directed the Authority's multi-family staff to make available additional allocations of credits to these developments from the Authority's 2009 federal low-income housing state ceiling.

Staff is estimating Arkansas' 2009 state ceiling to be as follows:

$10,530,898	(Population component and unused or returned credits)
$ 7,656,800	(Disaster Credits pursuant to P.L. 110-343 and FEMA declaration 1758)
$18,187,698	

NOTE: Of the total $18,187,698, per Section 42 of the Internal Revenue Code and the 2009 QAP, the following set asides will apply for the 2009 round:

1. 10% Non-Profit Set-Aside;
2. 20% HOME/RD Set-Aside;
3. $950,000 Assisted Living Set-Aside;
4. $450,000 Public Housing Agency Set-Aside; and
5. $7,656,800 Heartland Disaster Tax Relief Act of 2008 Set-Aside

With regard to the Non-Profit and Heartland Disaster Set-Asides, these credits may be available for the existing developments if they are not reserved pursuant to the 2009 round and the existing development requesting the additional credits meets the criteria required by the set-aside. The HOME/RD; Assisted Living; and Public Housing Agency Set-Asides may be available for the existing developments as additional credits if they are not reserved pursuant to the 2009 round.

Staff has **roughly estimated** that the amount of 2009 state ceiling credits that will be requested by existing developments to be around $5,000,000. The exact amount of additional credits that may be allocated to assist the existing developments is unknown; however, any amount allocated will reduce the amount available for the upcoming 2009 tax credit round.

PROCESS FOR APPLYING FOR ADDITIONAL TAX CREDITS BY EXISTING DEVELOPMENTS THAT HAVE RECEIVED PRIOR ALLOCATIONS

2007 and prior years' allocation recipients: Recipients of carryover allocations in 2007 and any prior year must file the Final Cost Certification Required Documentation required by the Qualified Allocation Plan. The following is a link to the Authority's website for a list of such documentation: http://www.arkansas.gov/adfa/LIHTC%2008/Final%20Cost%20Certification%20Required%20Documents%20List%2014.pdf. Ownership must include all documentation listed which demonstrates a financial need for the additional credits. Also, the cost certification by the certified public accountant must delineate the amount of credits allocated pursuant to the original allocation and the additional credits to be allocated for each building in the development. **The total amount of credits allocated (original allocation and additional allocation) to any owner will not exceed $600,000.**

2008 allocation recipients: Recipients of carryover allocations in 2008 will be sent carryover documentation for the additional tax credits no later than January 16, 2008. The additional tax credits will be calculated using qualified basis information provided in the original 2008 application as adjusted by the 130% basis boost, if approved, and the 9% applicable credit percentage. **The total amount of credits allocated (original allocation and additional allocation) to any owner will not exceed $600,000.**

*******ELIGIBLE BASIS NOTE******** Staff has requested the Board of Directors to designate all existing developments that received previous tax credit allocations as difficult to develop and entitled to the 130% basis boost pursuant to Section 3003(a) of the Housing Assistance Act of 2008. The Board will determine this request on January 15, 2009.