



Arkansas Development Finance Authority

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Funding Approved to Build or Renovate 672 Affordable Rental Units

July 18, 2014 - Thursday afternoon the Arkansas Development Finance Authority awarded \$6,996,431 in federal low-income housing tax credits (LIHTC), another \$250,000 in state tax credits, \$2,500,000 in federal HOME program funds, \$1,706,000 in mortgage settlement funds, and \$115,761 to help in the construction or renovation of 16 affordable rental developments located throughout Arkansas.

Because federal tax credits are taken over a 10 year period of time, the award represents a financial incentive of over \$70 million to developers and builders to produce affordable rental housing in Arkansas. The funds will be used to build or renovate 672 affordable rental housing units for families, individuals and persons with special support needs in Arkansas and help provide greater housing choice and opportunity for low-income households.

Projects are structured so that the sale of a projects housing tax credits and other tax benefits provides a source of capital for the development of affordable rental housing. The amount of federal tax credits listed is received each year for the first 10 years of a projects operating period. For example, a \$500,000 reservation results in a total tax credit award of \$5 million.

The equity investment reduces the need for financing thereby reducing operating costs, which is passed along in the form of reduced rents.

ADFA administers the state HOME Program, Low Income Housing Tax Credit Program, and \$9 million the State of Arkansas received as part of the national bank mortgage settlement to finance affordable housing in partnership with local governments, nonprofit organizations and for-profit developers.

See below for a list of developments awarded a combination of federal LIHTC, state LIHTC, HOME Program Funds, national bank mortgage settlement funds and FAF Funds.

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