

March 11, 2009

MEMORANDUM

TO: 2008 Tax Credit Awardees / 2009 Tax Credit Applicants / Interested Parties

FROM: Delaware State Housing Authority

RE: **American Recovery and Reinvestment Act**

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (“ARRA”) into law. ARRA contains two low income housing tax credit stimulus opportunities that will be available to certain properties currently holding allocations of Low Income Housing Tax Credits (“tax credits”) and those that will be under consideration by DSHA for an award of 2009 tax credits. Both of these opportunities are directed to stimulate stalled production of tax credit developments.

The first stimulus is additional Home Investment Partnerships Program (“HOME”) funds to support developments with current equity financing gaps. These HOME funds will be provided directly to DSHA for disbursement. Certain HOME program requirements will be applicable to properties using this resource.

A second stimulus resource is an opportunity for DSHA to exchange some of its 2009 tax credit authority, up to 40% of the amount available, plus 100% of the returned tax credits from prior years at a rate of \$.85 per dollar of credit. These funds will be made available by the U.S. Treasury.

In order to access these funds, DSHA will need additional guidance from both HUD and the IRS, specifically as it relates to the timing and availability of funds and the requirements for prioritizing “shovel ready” developments. Stimulus funds are to be distributed pursuant to DSHA’s Qualified Allocation Plan (QAP), applicable HOME regulations and DSHA shall perform asset management functions of these funds to ensure compliance with Section 42 of the Internal Revenue Code.

DSHA’s goal in implementing ARRA is to provide sufficient capital to developments holding a tax credit award which either do not have an equity investor or which have insufficient equity investment available to demonstrate financial feasibility. ARRA requires tight timeframes to disburse funds; therefore, projects that demonstrate their ability to move forward quickly will be given a priority status.

DSHA will endeavor to provide maximum flexibility and responsiveness to developers seeking 2009 tax credits and is committed to exploring all available options in allocating resources to developments meeting the priorities set forth in the 2009 QAP. Consequently, **the submission date for tax credit applications for 2009 credit allocations has been changed to on or before 3:00 p.m. on April 9, 2009.**