

MHDC is pleased to confirm that the **American Recovery and Reinvestment Act of 2009** (the "Act") was signed by President Obama on February 17, 2009.

Included in the Act:

- An allocation of funding through HUD to MHDC to be sub-allocated through a competitive process as gap financing for developments awarded low-income housing tax credits in fiscal years 2007, 2008, and 2009;
- A mechanism which will allow MHDC to exchange 9% low-income housing tax credits from Missouri's uncommitted credit ceiling for 2008 and 2009 for the express purpose of making sub-allocations to finance the construction or rehabilitation of qualified low-income buildings. It should be noted that the legislation provides that an election to exchange credits is one made by the credit allocating agency (MHDC) and not the owner of a project which has received a credit allocation;
- A revision to the first-time homebuyer refundable tax credit program, which includes the removal of the repayment obligation to the IRS. The first-time homebuyer refundable tax credit may now be used if the home owner benefits from a tax-exempt mortgage revenue bond funded loan and the amount of the credit has been increased to \$8,000.

MHDC and the National Counsel for State Housing Agencies have been involved with President Obama's transition team on housing matters since work began on the legislation. MHDC is grateful to Missouri Senator "Kit" Bond for his leadership in crafting a key amendment to the Act which provides much needed gap financing for low-income housing tax credit developments. MHDC and Senator Bond communicated actively during the legislative process.

MHDC continues the process of digesting the provisions of the Act and has actively begun the process of preparing procedures necessary for the approval and deployment of the housing resources established by the Act. Furthermore, all state housing finance agencies must await formal rulemaking, and in some cases, informal guidance from federal agencies before finalizing and implementing the allocation of both sources of financing. MHDC is excited to establish thoughtful procedures that will result in the development of quality affordable housing in the state of Missouri.

In the interim, the low-income housing tax credit community should be aware that access to these funds by qualified low-income housing developments is not automatic. Developers who have received approval for allocations of 2008 and 2009 low-income housing tax credits must continue to pursue federal investors and achieve the milestones required by the conditional reservations and carryover allocations issued by MHDC. Failure to continue good faith efforts to receive a commitment and enter into a binding agreement with an investor will be considered in MHDC's evaluation of the developer's performance with the low-income housing tax credit program.

Please continue to monitor the MHDC website for updates regarding the Act and MHDCs implementation of its provisions.