



MEMORANDUM

TO: 2019, 2020 Tax Credit Recipients and 2021 Tax Credit Applicants

DATE: May 25, 2021

FROM: Mark Conine - President

RE: 9% LIHTC Developments – Hard Construction Cost Increases

In response to the unprecedented price increases in building materials due to the Covid-19 pandemic, the ADFA Board of Directors approved using some of the 2021 LIHTC Allocation to stabilize developments that have been awarded 9% LIHTC in the 2019 and 2020 Funding Rounds. The Board will allow 2019 and 2020 9% LIHTC awardees and 2021 9% LIHTC applicants to resubmit hard construction cost estimates for their developments and use additional construction costs approved by ADFA for an increased LIHTC reservation or allocation which will be verified with a Final Cost Certification. If the increased hard construction costs submitted are not verified by the Final Cost Certification, the LIHTC allocation to the Applicant will be reduced to the level that is supported by the Final Cost Certification.

Requests for additional 9% LIHTC are permitted to exceed the Per Unit Credit limits outlined in the Qualified Allocation Plan (“QAP”).

Requests for additional 9% LIHTC for projects currently being reviewed as part of the 2021 Funding Round may result in changes in scoring and ranking of the project.

All requests for additional LIHTC will be subject to review, underwriting and approval in conformance with the provisions of the Qualified Allocation Plan (“QAP”).

All requests for additional LIHTC will be reviewed on a case-by-case for reasonableness and conformance with the QAP and must be approved by the ADFA Board of Directors.

This change could result in there being no competitive 9% LIHTC round in the year 2022. Some 2021 applicants could receive credits from the year 2022. Awardees and Applicants may only submit changes to the hard construction cost information, no other cost increases will be allowed, including those tied to hard construction costs such as General Requirements, Contractor Overhead, Contractor Profit, Developer Fee, etc. The Developer will not be allowed to increase the immediate payment of any submitted and approved Deferred Development Fee from the previously submitted or approved application with any new credits that are approved and issued. The forms used to relay this information to ADFA will be the same forms used at Final Cost



Certification. The Final Development Sources and Final Development costs forms can be found on ADFA's website under LIHTC Final Cost Certification.

For those awardees and applicants that wish to resubmit hard construction cost information please submit the information in the following format no later than June 9, 2021:

1. Final Development Sources [form](#);
2. Final Development Costs [form](#);
3. New letter from the equity investor stating they will purchase the additional credits and at what price.

ADFA staff may request additional information to support the request for additional 9% LIHTC.

The 2 forms mentioned above can be found on ADFA's website under LIHTC Final Cost Certification and must be in balance when submitted. The information must be submitted in its entirety to the Authority via email no later than June 15, 2021. Email multifamily.housing@arkansas.gov.