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In reply, refer to:

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To: Low Income Housing Tax Credit Stakeholders

From: Karen Seddon, Executive Director 

Subject: The American Recovery and Reinvestment Act of 2009

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). As you probably know, this Act is a sweeping economic stimulus bill providing resources to various programs and other efforts to reinvigorate the nation's economy. Many provisions of ARRA fund activities that will have an immediate effect on employment-intensive sectors while creating public benefit over the long-term.

The Low Income Housing Tax Credit (LIHTC) program is among those receiving additional resources to stimulate the production of affordable rental housing for low-income families and households. One provision of ARRA directs the Secretary of the Treasury to make grants to each State's housing credit agency in lieu of housing credits. In essence, this provision permits the State to exchange a portion of its 2009 credits, and prior-year returned credits, for a federal grant worth 85% of the exchanged credits.

In addition, ARRA makes available \$2.25 billion to State housing credit agencies nationwide to distribute competitively to LIHTC projects. The Hawaii Housing Finance and Development Corporation (HHFDC) will receive \$9.86 million under the Federal Tax Credit Assistance program.

These federal resources could be a tremendous help to Hawaii tax credit projects that cannot go forward because of inadequate investor equity. The HHFDC will be administering these resources, and promulgating regulations for inclusion within the State's Qualified Allocation Plan (QAP). Please check our website for updated information over the coming weeks.