



STATE OF MICHIGAN

JENNIFER M. GRANHOLM  
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
LANSING

KEITH MOLIN  
EXECUTIVE DIRECTOR

## MEMORANDUM

DATE: November 17, 2008

TO: All Interested Parties of the LIHTC Program

FROM: Christopher L. LaGrand  
Acting Director of Legal Affairs

RE: Applicable Percentage under Section 3002(A)(1) of the Housing Assistance Tax Act of 2008  
IRS Notice 2008-106

The Internal Revenue Service (IRS) has issued guidance on projects that have elected to fix their rate and would now like to receive the 9% rate pursuant to section 3002 of the Housing Assistance Tax Act of 2008 (Act).

Notice 2008-106 from the IRS clarifies that the 9 percent applicable percentage floor for non-Federally subsidized new buildings that are placed in service after July 30, 2008, and before December 31, 2013, enacted pursuant to section 3002 of the Act, applies notwithstanding an irrevocable election by the taxpayer under former Section 42(b)(2)(A)(ii) of the IRC (now Section 42(b)(1)[(A)](ii) of the Code, as amended by the Act) made on or before July 30, 2008.

The complete Notice 2008-106 can be found on the IRS web site here: <http://www.irs.gov/pub/irs-drop/n-08-106.pdf>.

If you have any questions please contact LIHTC staff at (517) 373-6007.

