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GOVERNOR

STATE OF MICHIGAN  
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

WAYNE WORKMAN  
ACTING-EXECUTIVE DIRECTOR

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**MEMORANDUM**

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**DATE:** JANUARY 22, 2015  
**TO:** INTERESTED PARTIES  
**FROM:** ANDREW MARTIN, LIHTC ALLOCATIONS MANAGER  
**SUBJECT:** CLARIFICATION REGARDING USE OF 9% CREDIT RATE

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On December 19, 2014, the President signed H.R. 5771, the Tax Increase Prevention Act of 2014, which in part extended the fixed 9% Low Income Housing Tax Credit (LIHTC) rate to make it available to projects that received an allocation of credit prior to January 1, 2015. Due to the fact that Michigan's 2014 credit ceiling had already been allocated as of the date of the approval of H.R. 5771, most projects are unlikely to see a material benefit as a result of this extension of the 9% credit rate. However, this memo is intended to provide clarification around which LIHTC projects are impacted and will be able to utilize the fixed 9% credit rate in Michigan as a result of the approval of H.R. 5771.

In 2014, MSHDA held two funding rounds for 9% credit – the February 14, 2014 funding round, which allocated 2014 credit, and the October 1, 2014 funding round, which allocated primarily 2015 credit along with a small amount of remaining 2014 credit that was allocated to only one project. The remaining balance of 2015 credit will be allocated in the April 1, 2015 funding round.

Based on the above, this means that any projects that received LIHTC funding from the February 2014 funding round or earlier will be eligible to use the fixed 9% credit rate, regardless of whether or not a previous election to fix the credit rate was made. However, any project receiving LIHTC awards during this period of time will continue to be limited to the initial amount of credit that was awarded and will not be eligible to receive any additional credit. Projects submitted in the October 1, 2014 funding round, or any subsequent funding round, will not be eligible for the fixed 9% rate, since they will have received an actual allocation of credit after January 1, 2015, which does not meet the required timeframe for eligibility.

If you have any questions regarding any of the above items or general questions related to the April 1, 2015 funding round, please contact LIHTC staff at (517) 373-6007.