Pursuant to Section 42 of the Internal Revenue Code, 26 USC § 42, the Arkansas Development Finance Authority (the "Authority") must annually adopt a Qualified Allocation Plan that establishes selection and program criteria for the allocation of federal low-income housing tax credits from the State's annual ceiling. For calendar years 2004, 2005, and 2006, the Authority adopted its annual Qualified Allocation Plan, which established per unit development cost caps.

As a result of the increase in construction costs due to the recent disasters caused by Hurricanes Katrina and Rita, the Board of Directors for the Authority instituted the following per unit cap cost increases for those developments receiving low-income housing tax credit reservations in years 2004, 2005 and 2006:

2004: originally $90,000 increased to $108.000 per unit;

2005: originally $100,000 increased to $120,000 per unit OR originally $120,000 increased to $144,000 per unit if an assisted living development or a certified historic structure rehabilitation/preservation development;

2006: originally $120,000 increased to $132,00 per unit OR originally $132,000 increased to $158,400 per unit if an assisted living development or a certified historic structure rehabilitation/preservation development.

Summary

Per Unit Cap Increases

Arkansas Development Finance Authority increases per unit cost cap for housing applications receiving low-income housing tax credit reservations in 2004, 2005, and 2006.

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Blacklined changes to the 2004, 2005 and 2006 QAPs:

Section VI(D) from the **2004** Qualified Allocation Plan:

D. PER UNIT COST CAP.

The Authority limits the per unit cost for all developments to ~~$90,000~~108,000 per unit. The per unit cost shall be calculated by dividing the total development cost by the total number of units.

Section VI(D) from the **2005** Qualified Allocation Plan:

D. PER UNIT COST CAP.

The Authority limits the per unit cost for all developments, other than qualified Assisted Living developments, to $~~100,000~~120,000 per unit. The per unit cost for qualified Assisted Living developments is limited to $~~120,000~~144,000. "Per unit cost" is calculated by dividing the total development cost by the total number of units.

Section VI(D) from the **2006** Qualified Allocation Plan:

D. PER UNIT COST CAP.

The Authority limits the per unit cost for all developments, other than qualified Assisted Living developments, to $~~110,000~~132,000 per unit. The per unit cost for qualified Assisted Living developments is limited to $~~132,000~~158,400. "Per unit cost" is calculated by dividing the total development cost by the total number of units.