

A. 4% LIHTC

4% LIHTC applications will not be scored. ADOH will make awards of 4% LIHTC on a first come first serve basis to complete application submissions (contains only de minimis errors or omissions). Applications financed with tax-exempt bonds pursuant to I.R.C. § 42(h)(4) must have a private activity bonding authority Issuer's Delegation of Determination Letter and bond inducement resolution, and volume cap allocation from the Arizona Finance Authority, in order to receive an ADOH issued I.R.C. § 42(m) Determination of Qualification of Tax Credits Letter.

Private Activity Bond (PAB) Issuance Threshold

To ensure the efficient use of private activity bond volume cap and to maximize the total number of viable developments receiving 4% LIHTC, all developments utilizing PAB financing shall comply with the following requirements.

A. Bond Issuance Limitation

Projects financed in part with tax-exempt bonds under I.R.C. § 42(h)(4) shall be eligible to receive 4% LIHTC only if the amount of private activity bond volume cap allocated, as specified in the ADOH Bond Certification Form, does not exceed the greater of:

1. Thirty percent (30%) of the project's aggregate eligible basis, as defined in I.R.C. § 42(d); or
2. The amount necessary to support the project's maximum permanent debt.

For purposes of this limitation, only bonds issued using current year private activity bond volume cap shall be included in the calculation. This limitation does not apply to recycled bonds issued under Section 146(i)(6) of the Internal Revenue Code.

B. Certification Requirements

Applicants shall submit the ADOH Bond Certification Form, as part of a completed application, certifying that the proposed bond issuance complies with the Bond Issuance Limitation. Without the ADOH Bond Certification Form, ADOH will not issue a I.R.C. § 42(m) Determination of Qualification of Tax Credits Letter.

C. Compliance

Projects exceeding the Bond Issuance Limitation at 42(m) review shall be ineligible to receive a 4% LIHTC allocation. ADOH reserves the right to verify calculations, request supporting documentation, and require additional clarification as necessary to confirm compliance with this section.