

TO: All Low Income Housing Tax Credit Project Owners and Managing Agents

**FROM: Daniel E. Murphy, V.P.
Housing Portfolio Management**

DATE: November 19, 2009

**RE: Low Income Housing Tax Credit ("LIHTC")
Annual Utility Allowance Compliance Review**

In connection with its monitoring of compliance with federal Low-Income Housing Tax Credit ("LIHTC") program requirements, the New York State Housing Finance Agency ("HFA") implemented certain procedures, set forth below, to ensure compliance with the applicable provisions of IRS Regulation §1.42-10 (Utility Allowances), which provides in part that if at any time during the building's extended use period, the applicable utility allowance for a unit changes, the new utility allowance must be used to compute net rents of rent-restricted LIHTC units due ninety (90) days after the change.

PROJECTS LOCATED OUTSIDE OF NEW YORK CITY:

For projects located outside of New York City, (except as otherwise provided in IRS Regulation §1.42-101) the project owner must obtain and furnish to HFA a copy of the local public housing authority's utility allowance schedule in effect as of October 1st of this year. This schedule must be attached to a cover letter sent to the attention of the HFA Asset Manager assigned to the project. The cover letter must propose adoption of new Utility Allowances based on such schedule, and state that the new Utility Allowances will become effective no later than January 1, 2010.