

Low Income Housing Tax Credits

Critical Funding Source

4% Bond

- Can apply any time
- Not Competitive
- Not as valuable especially for new construction – gap will be greater
- Best used for rehab or refinancing after initial 15 year compliance period

9%

- Annual Round
- Competitive
- More Valuable
- Criteria defined in the Qualified Action Plan (“QAP”)
- Best used for new construction

State Application – Key Information Capacity of Development Team

- Developer
- General Contractor
- Architect
- Engineer
- Property Manager
- Bank
- Syndicator
- Lawyer

State Application – Key Information

Sources and Uses

- Uses

- Acquisition
- Construction
- Construction Fees
- Financing Fees
- Syndication Fees
- Guarantees and Reserves
- Developer Fee

- Sources

- Debt
- Cash Flow Financing and Grants
- Equity
 - Historic Tax Credits
 - New Market Tax Credits
 - Developer Equity
 - Deferred Developer Fee

State Application – Key Information

Operating Pro Forma

- Income

- Low Income Units (Voucher Supported)
- Low Income Units (not Voucher Supported)
- Market Units
- Non Residential Space
- Vacancy Assumption

- Expenses

- Administrative Costs
- Property Management
- Utilities
- Maintenance
- Insurance
- Taxes
- Replacement Reserve
- Debt Service

9% Tax
Credits –
To Be
Competitive
QAP Requires:

Additional Low Income Housing

- 50% of units at 30% AMI
- 25% of units at 40% AMI
- 25% of units at 60% AMI

Use Period – Additional 22 years

Special Populations

- 50% units for homeless OR
- Two of following at 20% each: Farmworkers, Large Households, Disabled, Homeless OR Elderly Project (all residents over 62 or all units with one person over 55)

9% Tax Credits – To Be Competitive:

- Local Funding
- Vouchers
- Total Development Cost per Unit at or below state caps (1BR – \$203,240; 2 BR – \$230,371; 3 BR – \$299,233; 4 BR – \$329,280)
- Developer Fee less than 15%
- Efficient Location (near services and retail)
- Job Center
- Non Profit Sponsor
- Donation in Support
- Utility Allowance Option

State Housing Trust Fund

Housing Trust Fund dollars support a wide range of projects serving a diverse array of low-income populations. Projects can serve people with incomes up to 80% of Area Median Income, but the majority of projects funded to date serve households with special needs or incomes below 30% of Area Median Income, including homeless families, seniors, farmworkers, and people with developmental disabilities.

