Housing Credits

- Volume Cap ($2.20 per capita per year, currently over $33,000,000)
- What is a Housing Credit?
- Program Requirements
  - Income
  - Length of set-aside
  - Special Targeting
- 9% and 4% Credits
- Competition

Syndication

- Tax credits annually for ten years
- Requires someone or entity with tax liability to join partnership
- For profit limited partnership formed
- Developer (for profit or non-profit) is general partner, with 0.01% ownership
- Investor(s) with tax liability become limited partners with 99.99% ownership
- 99.99% of tax credit flows to limited partners, who pay funds upfront in exchange for 10 years of tax credits
9% Tax Credit Example

- $11,000,000 total project cost
- $1,000,000 land and other ineligible costs
- 9% Credits
- 100% low income
- [$10,000,000 eligible basis]
  \[ \times [9\% \text{ tax credit}] \]
  \[ \times [100\% \text{ low income}] = $900,000 \text{ credit} \]
  request \[ \times [10 \text{ years}] \times [\$0.85 \text{ syndication rate}] \]
  \[= $7,650,000 \text{ or 70\% of cost} \]

9% Tax Credit Example

- $11,000,000 total project cost
- $1,000,000 land and other ineligible costs
- 9% Credits
- 100% low income
- [$10,000,000 eligible basis]
  \[ \times [9\% \text{ tax credit}] \]
  \[ \times [100\% \text{ low income}] = $900,000 \text{ credit} \]
  request \[ \times [10 \text{ years}] \times [\$0.95 \text{ syndication rate}] \]
  \[= $8,550,000 \text{ or 78\% of cost} \]

9% Tax Credit Example

- $11,000,000 total project cost
- $1,000,000 land and other ineligible costs
- 9% Credits
- 100% low income
- [$10,000,000 eligible basis]
  \[ \times [9\% \text{ tax credit}] \]
  \[ \times [100\% \text{ low income}] = $900,000 \text{ credit} \]
  request \[ \times [10 \text{ years}] \times [\$0.65 \text{ syndication rate}] \]
  \[= $5,850,000 \text{ or 53\% of cost} \]