NOVOGRADAC & COMPANY LLP®

Analysis of State Low Income Housing Tax Credit

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1. Executive Summary

The purpose of this report is for Novogradac & Company LLP ("Novogradac") to present to the Ohio Housing Council ("OHC") our summarized findings from our state-level low-income housing tax credit program ("LIHTC") consulting services engagement.

The objectives of our engagement included the following:

- Research existing state LIHTC programs.
- Select a sample of state LIHTC programs that include unique mechanics to funding affordable housing.
- Interview representatives from each respective sampled state LIHTC program.
- Provide a written summary of the sample of state LIHTC programs, including their effect on job creation and affordable housing unit creation for their respective states.

2. Overview of the Federal LIHTC Program

The LIHTC program, created in 1986 and made permanent in 1993, is an indirect federal subsidy used to finance the construction and rehabilitation of low-income affordable rental housing. Congress created the program as an incentive for private developers and investors to provide more low-income housing. Without the incentive, affordable rental housing does not generate sufficient profit to warrant the private investment.

The LIHTC gives investors a dollar-for-dollar reduction in their federal tax liability in exchange for providing financing to develop affordable rental housing. An investor's equity contribution subsidizes low-income housing development, thus allowing units to rent at below-market rates. In return, investors receive tax credits in annual allotments over 10 years.

LIHTC properties must meet eligibility requirements for at least 30 years after completion. In other words, owners must keep the units' rent restricted and available to low-income tenants. At the end of the period, the properties remain under the control of the owner.

Claimed pro rata over 10 years, the tax credit can be used to construct new or renovate existing rental buildings. The LIHTC is designed to subsidize either 30 percent or 70 percent of the low-income units' costs. The 30 percent subsidy, which is known as the 4 percent tax credit, covers the acquisition cost of existing buildings and new construction/rehabilitation when the latter also has financing from a tax-exempt bond. These developments typically require additional federal or local subsidies. The 70 percent subsidy, or 9 percent tax credit, supports new construction or rehabilitation of existing buildings.

Rental properties that qualify for the LIHTC tend to have both lower debt service payments and lower vacancy rates than market-rate rental housing. LIHTC properties typically experience a relatively quick lease-up and offer strong potential economic returns, primarily due to the existence of the tax benefit. LIHTC properties are often packaged as limited partnerships such that they afford limited liability to their investors.

At the LIHTC's inception in 1986, states received $1.25 per resident from the federal government for the 9 percent LIHTC. In 2000 a post-election lame duck Congress passed a budget package that raised the cap to $1.50 per capita in 2001 and $1.75 per capita in 2002. Going forward from 2003 the 9 percent LIHTC is adjusted for inflation.

Unlike the 9 percent LIHTC, a 4 percent LIHTC is available for properties that receive at least 50 percent of their financing from tax-exempt private activity bonds, and are not subject to the annual cap that applies to the 9 percent LIHTC. However, the annual amount of tax-exempt bonds that can be awarded by a state is subject to the private activity volume cap, which is calculated as the greater of $105 per capita (beginning in 2018) or $311,375,000. Ohio would receive a private activity volume cap allocation of $1.15 billion ($105 x 11,000,000 = $1,155,000,000). A portion of the annual private activity volume cap amount goes unused in most states.

Within general guidelines set by the Internal Revenue Service (“IRS”), state housing agencies administer the LIHTC program. State agencies review applications submitted by developers and make allocations. The applicable federal law requires that state allocation plans prioritize developments that serve the lowest-income tenants and ensure affordability for the longest period.

Once an applicant secures a LIHTC reservation, the developer must secure the development’s funding sources. Under a typical LIHTC transaction, a developer must close a conventional loan from a private mortgage lender or public agency, gap financing from a public or private source, and equity in exchange for the LIHTCs.

Once the property is built, states must ensure that it meets the LIHTC eligibility requirements and it must comply throughout the initial 15-year period or investors will be exposed to credit recapture. State housing agencies are responsible for monitoring LIHTC properties and require owners to certify on an annual basis that they are renting units to qualified low-income tenants.

Developers technically could claim LIHTCs themselves. However, due to limitations and the lack of enough taxable income, large corporate investors provide the funding. The developer can work with either a direct investor or a syndicator who acts as a broker between the developer and investor. To benefit from economies of scale, syndicators pool several developments into one LIHTC equity fund. Then, syndicators market the fund to investors. This spreads the risk across the various properties benefiting from the fund.

The LIHTC is a complex income tax area, requiring owners and investors to comply with numerous administrative rules and regulations such as maintaining the required number of income-eligible tenants and ensuring that the appropriate documents and records are filed and maintained.

The LIHTC program can offer developers and investors great opportunities to provide quality affordable housing to low-income residents.

3. Overview of State LIHTC Programs

In addition to the federal LIHTC, over a third of states have their own respective LIHTC. Many of these state-level programs operate in a manner that is similar to the federal; however, there is also a great deal of diversity between states. These programmatic differences can relate to:

- the credit type;
- the duration of the LIHTC period;
- whether the LIHTC is bifurcated from the federal (i.e., does the state require the state LIHTC to be allocated to the same partner that receives the federal LIHTC);
- how the amount is calculated; or
- how a federal LIHTC property owner can receive an award of state LIHTCs.

For example, Arkansas offers a state LIHTC program that utilizes both the 4 percent and 9 percent tax credits, while Colorado only offers a 4 percent tax credit. Connecticut's LIHTC flows over the course of 10 years, like the federal LIHTC, but California's LIHTC is only 4 years. In Illinois, the state LIHTC is bifurcated from the federal LIHTC, allowing a property owner to allocate the two tax credits to different investors, whereas Missouri's LIHTC program does not allow for such bifurcation. The Hawaii state LIHTC is calculated as 50 percent of an owner's federal LIHTC award, but the Massachusetts state LIHTC is determined based on a LIHTC property's need for the credit in order to be financially feasible. In Georgia, the state LIHTC is automatically awarded to along with the federal LIHTC, but Utah's state LIHTC program requires developers to complete a specific "State Credit" section of its LIHTC application.

As discussed in the federal LIHTC program section above, each state is allocated a per capita cap of federal 9 percent LIHTCs and tax-exempt bonds. However, in many states not all of the tax-exempt bond volume cap is awarded in a given year, leaving an unused portion that could be used to generate 4 percent LIHTC and produce additional affordable housing. One important function of state LIHTC programs is to close the financing gap left from un-awarded federal tax-exempt bond volume cap. This additional infusion of equity investment provided by the state LIHTC allows properties to avoid additional debt, thereby allowing the properties to continue to rent their respective LIHTC units at affordable levels for low-income tenants.

Please see Exhibit A for a summary of the various state LIHTC programs.

4. Ohio Affordable Housing Outlook

Overview

For 2018, Ohio was allocated a total of $1,165,860,900 in volume cap tax-exempt private activity bonds. Of this amount, $120,000,000 was set aside in 2018 to finance multi-family housing.[1] However, Ohio has historically carried forward unused volume cap bonds of approximately $3 billion, approximately $300 million of which is set aside for multi-family housing.[2] Furthermore, Ohio has over 100,000 households living in functionally substandard housing, including incomplete kitchen and plumbing facilities.[3] These same households were disproportionately low-income, with only about half of them earning more than 50 percent of AMI.[4] Approximately 400,000 Ohio renters are experiencing a severe housing cost burden,[5] meaning a household paying more than half of their income in gross rent (or that it has no income at all).

By further subsidizing the federal tax-exempt bond program with an equivalent 4 percent LIHTC program at the state level, Ohio can do even more to address the substandard quality of its housing stock and the high cost of renting. Such an approach has seen great success, not only for building affordable housing, but for job creation as well. For example, the pairing of the state LIHTC and federal 4 percent LIHTC enabled Colorado to leverage $110.3 million in federal credits in 2017. For the Massachusetts LIHTC program, an estimated 6,882 jobs were created since 1999 during the construction phase of LIHTC developments, and 1,692 ongoing jobs have been created throughout LIHTC occupancy. Furthermore, based on data available in the National Association of Home Builders' report, "The Economic Impact of Home Building in a Typical State," an estimated 2,300 jobs could be created that are directly and indirectly related by the impact of construction activity associated with multifamily housing subsidized by 4 percent LIHTCs with tax-exempt bond financing. An additional estimated 670 ongoing jobs would also be created.[6] Without the availability of state LIHTC programs, critical federal resources would likely have been left on the table, inhibiting both affordable housing creation and economic growth.

Recommendations for a State LIHTC Program for Ohio

By comparing the Colorado, Georgia, and Massachusetts' state LIHTC programs, as well as their societal and economic impact, the following criteria is recommended for a state LIHTC program for Ohio.

The program should be available for only properties that utilize the 4 percent LIHTC and tax-exempt bond financing. Leveraging the federal 4 percent LIHTC and tax-exempt bonds with a state LIHTC should

[1] Ohio Development Services Agency. "Volume Cap."
https://development.ohio.gov/bs/bs_volumecap.htm
[2] National Council of State Housing Agencies. "State HFA Factbook."
[3] Ohio Housing Finance Agency. "Ohio Needs Assessment: Technical Supplement to the Fiscal Year 2018 Annual Plan."
[4] Ibid.
[5] Ibid.
[6] National Association of Home Builders. "The Economic Impact of Home Building in a Typical State."

facilitate greater use of the federal volume cap, reducing the unused amount carried forward, which historically has averaged $3 billion per year for Ohio.

Furthermore, the state LIHTC should be automatically allocated on a dollar-for-dollar basis with the federal 4 percent LIHTCs, as determined for each respective property's IRS Form 8609. Additionally, the state LIHTC should flow over a 10-year period to coincide with the federal LIHTC period. Lastly, nothing beyond the standard qualified allocation plan threshold requirements should be necessary to be eligible for the state LIHTCs. Including these three criteria will help streamline the program and lessen the administrative burden it may impose.

Lastly, the state LIHTC should be a bifurcated tax credit. That is, the state and federal LIHTC investors can be separate, distinct legal entities. Allowing a bifurcation of the state LIHTC from the federal LIHTC will broaden the pool of potential investors, as not all federal LIHTC investors may be interested in state LIHTCs. Broadening the pool of potential investors will further ensure that the amount of unused volume cap tax-exempt bonds will be reduced.

If the proposed state LIHTC program described above is successful, then it stands to reason that a future expansion should be considered. One such possible expansion could implement a targeted 9 percent state LIHTC. The application for this credit could be competitive, such as the federal 9 percent LIHTC, and could target specific areas as identified by the Ohio governor and the Ohio Housing Finance Agency.

The demand in Ohio for a state-level LIHTC program is undoubtedly present. Financial institutions and insurance companies have traditionally comprised the majority of investors in the federal LIHTC program. Under Ohio law, bank organizations are subject to an annual financial institution tax, which is a three-tiered tax rate: 0.8 percent on the first $200 million of total Ohio equity; an additional 0.4 percent on total Ohio equity greater than $200 million and less than $1.3 billion; and an additional 0.25 percent on total Ohio equity greater than $1.3 billion. Insurance companies organized under Ohio law are subject to an insurance tax, which is 1.4 percent of gross premiums. The presence of the Ohio financial institution tax and insurance tax, which are similar to state taxes levied in Georgia were enough to draw adequate demand for Georgia's state LIHTC program.

Conclusion

In terms of potential impact on affordable housing in the state of Ohio, it is best to focus on the impact that similar state LIHTC programs have had in other states. After the first year of implementation in 2015, Colorado's state LIHTC (which is paired with the federal 4 percent LIHTC) created an additional 1,902 affordable multifamily units.[7] This represents an increase of over 70 percent from the 1,112 units created in 2014. As discussed below, the Georgia state LIHTC program facilitated the development and preservation of 55 percent more housing units per capita over the last five years when compared to similar states that do not have a state LIHTC program, such as Virginia.[8]

[7] Colorado Housing and Finance Authority. "Colorado State LIHTC: 2015 Allocation Report." https://www.chfainfo.com/arh/lihtc/Documents/State_LIHTC_Allocation_Rpt_2015.pdf
[8] Shelburne, Mark. "Housing Tax Credits." Georgia Departments of Community Affairs. 8 Jan. 2019.

The positive impact of a state-level LIHTC program is not only limited to an increase in unit production, but to an influx of additional private sector equity investments as well. On average, for the 2015 through 2018 allocation years, Colorado's state LIHTC program generated $131.4 million of additional private sector investment to support affordable housing. Likewise, Georgia's state LIHTC program attracted an average of $280.5 million in additional private equity from 2003 through 2016.

If Ohio were to implement a state-level LIHTC program like those described above, it would certainly not be extraordinary to conclude that it could achieve similar results. Since 2014, the federal 4 percent LIHTC program in Ohio has produced an average of 1,960 units per year. By extrapolating information from the other state programs, it could be possible for a state LIHTC program in Ohio to add an additional 1,200 units per annum when paired with the federal 4 percent LIHTC. Furthermore, if one assumes a range of LIHTC equity pricing from $0.92 to $0.99 (based on current trends in Ohio), the total private sector equity raised on an additional 1,200 units would be $64 million to $68.8 million.

5. Colorado's State LIHTC Program

Background

Colorado's State Low Income Housing Tax Credit raises private sector equity for affordable rental housing development. The program was originally established in 2001 and later renewed in 2014 and 2016.

In general, the tax credit is claimed in equal amounts for a period of six (6) taxable years, beginning with the taxable year in which the building is placed in service or, if elected by the owner, the succeeding taxable year.

In May the state LIHTC saw a doubling of its annual allocation (from $5 million to $10 million) and in 2018 the program was extended five years (through 2024).

State Tax Credit Program Results

1,299 housing units directly supported[9]

- In 2017, the state LIHTC program directly supported 1,299 affordable rental units, and will enable the Colorado Housing and Finance Authority ("CHFA") to support the development or preservation of 3,495 units overall.
- By contrast, in 2013 the state produced three tax-exempt bond properties with 179 units.[10]
- Developments awarded state LIHTCs will serve households earning 60 percent Area Median Income ("AMI") or below.

[9] Colorado Housing and Finance Authority. "Colorado State LIHTC: 2017 Allocation Report." https://www.chfainfo.com/arh/lihtc/Documents/2017COStateLIHTC_YE_Report.pdf. 8 Jan. 2019.
[10] As reported by CHFA to the National Council of State Housing Agencies. "State HFA Factbook."

- Historically, the median household income of residents living in LIHTC-supported units is $21,578, or approximately 35 percent AMI.
- As an example, in 2017, 35 percent AMI equals $23,520 for a two-person household in Denver County, or $23,135 for a three-person household in Weld County.

$168.3 million in new private sector investment raised to support Colorado housing[11]

- The sale of the state and federal tax credits allocated to the 1,299 units will generate over $168.3 million in private sector equity investment in Colorado.

$110.3 million in federal 4 percent LIHTC leveraged[12]

- CHFA leverages the state LIHTC with the federal 4 percent credit, which historically had been under-utilized in Colorado due to a lack of other gap resources required to make these types of deals financially feasible.
- The pairing of the state LIHTC and federal 4 percent LIHTC enabled Colorado to leverage $110.3 million in federal credits in 2017. Without the availability of the state credit, this critical federal resource would likely have been left on the table.
- By contrast, in 2013 the state utilized merely $1,690,780 in 4 percent LIHTCs.[13]

$525 million in economic impact[14]

- The development of the 1,299 units is estimated to generate over $525 million in economic impact and support 3,289 jobs.

State LIHTC Supports Key Affordable Housing Needs

As of 2017, five of the developments supported with state LIHTC had placed in service, adding 450 new affordable rental housing units. While market rate rent for all apartment types in Colorado was at $1,319 as of the third quarter of 2017, the median rent paid by residents living in state LIHTC supported properties was $505, or 61.7 percent below-market averages.[15]

In October 2017, CHFA reviewed state LIHTC resident demographics for the units placed in service at that time. CHFA's analysis showed the following:

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[11] Ibid at 1.
[12] Ibid.
[13] As reported by CHFA to the National Council of State Housing Agencies. "State HFA Factbook."
[14] Colorado Housing and Finance Authority. "Colorado State LIHTC: 2017 Allocation Report." https://www.chfainfo.com/arh/lihtc/Documents/2017COStateLIHTC_YE_Report.pdf. 8 Jan. 2019.
[15] Ibid.

resident demographics

median AMI	31%
median income	$17,424
median household size	2

household size and demographics

1 person	45%
2 people	18%
3 people	16%
4+ people	22%
female head of household	65%
# of children in units	475
% senior properties	16%

most common occupations of nonretired residents

service industry	28%
professional	11%
production/construction/ operating/maintenance	10%
clerical/administrative	7%

In Colorado, full-time employees paid minimum wage earn $18,972 in gross income annually or 35 percent AMI (1 person household).[16]

592 of the units directly supported with state LIHTC between 2015 and 2017 will provide affordable rental housing for seniors.[17]

Four of the developments supported with state LIHTC between 2016 and 2017 will include Permanent Supportive Housing for homeless families and individuals.[18]

Conclusion

The state-level LIHTC program has helped CHFA better meet the needs of communities seeking affordable housing for their residents. Demand for the state LIHTC remains strong. In 2017, CHFA received

[16] Colorado Housing and Finance Authority. “Colorado State LIHTC: 2017 Allocation Report.” https://www.chfainfo.com/arh/lihtc/Documents/2017COStateLIHTC_YE_Report.pdf. 8 Jan. 2019.
[17] Ibid.
[18] Ibid.

20 applications for state LIHTC seeking a combined total of $16.4 million in state and $180.4 million in federal 4 percent credit.[19]

Requests for the federal 9 percent credit out-paced availability by 2.3 to 1.

Due to restrictions on resource availability, CHFA was able to support 12 developments, or 60 percent, of the total number of state and federal LIHTC applications received. [20]

6. Georgia's State LIHTC Program

Background

The Georgia Housing Tax Credit, enacted in 2000, is a credit against Georgia income tax liability and/or insurance premium tax liability. The Department of Community Affairs ("DCA"), the Department of Revenue and the Office of the Insurance & Safety jointly administer the program. The state LIHTC is automatically allocated on a dollar-for-dollar basis with the federal LIHTC (for both 9 percent and 4 percent federal credits) and is claimed over a period of ten (10) taxable years beginning with the taxable year in which a qualified development is placed in service.

State Tax Credit Program Results

How many customers have been served?

Approximately 315,000 Georgians have quality affordable housing because of the program.[21]

What are the significant results that have been achieved?[22]

For the years 2003 through 2018, $3,699,202,568 of private sector investment was raised to support Georgia housing.

Based on use of the National Association of Home Builders' ("NAHB") multiplier, the 31,956 homes funded in the last five years produced an estimated:

- $2.8 billion in local wages and business profits statewide;
- 37,000 jobs; and
- $1.05 billion in tax and government revenue.

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[19] Colorado Housing and Finance Authority. "Colorado State LIHTC: 2017 Allocation Report." https://www.chfainfo.com/arh/lihtc/Documents/2017COStateLIHTC_YE_Report.pdf. 8 Jan 2019
[20] Ibid.
[21] Shelburne, Mark. "Housing Tax Credits." Georgia Departments of Community Affairs. 8 Jan. 2019
[22] Shelburne, Mark. "Housing Tax Credits." Georgia Departments of Community Affairs. 8 Jan. 2019.

Are there favorable benchmarks against which the program is compared?[23]

Comparing Virginia – which has only federal and no state LIHTC program – the Georgia program facilitated the development and preservation of 60 percent more housing units per capita (55 percent low-income units) over the last five years.

What would happen if the state LIHTC didn't exist?[24]

- Nearly 100,000 affordable homes wouldn't currently exist in Georgia, which house around 315,000 people. This includes 45 percent of developments in non-urban areas.
- Approximately $8.2 billion in local wages and business profits wouldn't have been generated (using the NAHB multiplier).
- Up to 100,000 jobs wouldn't have been created (using the NAHB multiplier).

LIHTC properties also have positive effects on crime reduction, public health, educational performance, and other quality of life indicators.

State LIHTC Supports Key Affordable Housing Needs

The primary beneficiaries of the state LIHTC are households earning less than 60 percent of AMI; in some cases those at 80 percent are eligible. Others include the small businesses and workers involved in all aspects of developing the properties. Financial institutions invest in LIHTC developments to earn competitive returns, diversify, and meet their communities' credit needs.

More than 500,000 Georgians are cost burdened, meaning that they pay over half of their income on housing. The average fair market rent for a two bedroom apartment in Georgia is approximately $911, yet hundreds of thousands live in households earning less than $1,300 per month. This gap between typical and affordable rent exceeds $300 in some parts of the state.[25]

The state LIHTC consistently serves households with incomes below its statutorily mandated income limit of 60 percent of AMI. More than one-third of Georgia households living in LIHTC apartments are extremely low-income, meaning they earn 30 percent or less of AMI. Another 52 percent of residents are very low-income, meaning they earn less than 50 percent of AMI. [26]

Conclusion

Affordable housing drives revitalization, economic development, and tax revenue in Georgia communities, both urban and rural. Because of the quality, design, and services expected at each property, LIHTC developments become an anchor in their communities. The NAHB estimates that in its first year, a typical 100-unit LIHTC property on average provides $8.7 million in additional wages for local workers and

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[23] Ibid.
[24] Ibid.
[25] Shelburne, Mark. "Housing Tax Credits." Georgia Departments of Community Affairs. 8 Jan. 2019.
[26] Ibid.

business profits; creates $3.3 million in additional federal, state, and local tax revenue; and supports 116 jobs. [27]

7. Massachusetts' State LIHTC Program

Background

The Massachusetts Low Income Housing Tax Credit awards state tax credits to investors in affordable multifamily rental developments. The program encourages private investment in affordable housing and allows developers to finance part of the cost of the development with equity invested by local corporations and individuals, thereby reducing the amount of debt financing and helping to keep rents low.[28] An eligible investor may claim each dollar of state credit allocated for a five-year period.[29]

The Department of Housing and Community Development ("DHCD") is the designated tax credit allocating agency for the Commonwealth of Massachusetts ("Commonwealth").

During 2013 and 2014, legislation had the effect of increasing DHCD's allocation authority for state LIHTCs from $10 million to $20 million. However, enactment in November 2013 of a major housing bond bill included an amendment to the law: DHCD now has authority to allocate up to $20 million each year in state LIHTC through 2019, at which point DHCD's annual housing credit authority will revert to $10 million.[30]

The sponsors of several very large-scale preservation properties also have sought state LIHTC awards and tax-exempt bond financing in order to preserve affordable units without accessing the 9 percent federal LIHTC.

The state LIHTC program is efficient to administer, relying on the same allocation plan as the federal program, thereby minimizing additional work and costs for DHCD and developers. This also creates public and private sector oversight to ensure affordability objectives are followed.

[27] Ibid.
[28] Department of Housing and Community Development. "Low Income Housing Tax Credit Program: 2018-2019 Qualified Allocation Plan." https://www.mass.gov/files/documents/2018/08/31/20182019QAP.pdf. 21 Jan. 2019.
[29] Ibid.
[30] Department of Housing and Community Development. "Low Income Housing Tax Credit Program: 2018-2019 Qualified Allocation Plan." https://www.mass.gov/files/documents/2018/08/31/20182019QAP.pdf. 21 Jan. 2019.

State Tax Credit Program Results

History of Success[31]

- In its 12 year history, the Massachusetts LIHTC is responsible for the development of 4,001 affordable apartments. An additional 1,640 market rate apartments have also been incorporated into these developments.
- Since 1999, an estimated 6,882 jobs were created during the construction phase of LIHTC developments and 1,692 ongoing jobs have been created throughout LIHTC operations.
- The benefits are geographically dispersed across the state. The 61 developments built through the LIHTC are located in over 30 different communities, ranging in size from 18 homes to over 300.

State LIHTC Supports Key Affordable Housing Needs

Massachusetts rents are already high and they are rising even more. Commonwealth rents are the sixth most expensive of any state in the nation and rents in the Greater Boston area are the fifth most expensive of any metropolitan area in the country.[32] Too many families are experiencing severe difficulty finding or retaining an affordable place to live in the Commonwealth.[33]

LIHTC developments provide much-needed affordable rental housing at a time when rents are excessively high, more people are having difficulty maintaining Massachusetts' high cost of housing, and employers are struggling to add jobs that pay workers a sufficient wage to be able to live in the Commonwealth.[34]

Conclusion

The tax credit equity market continues to respond with enthusiasm, with pricing for Massachusetts properties reaching levels not seen before.[35] The development pipeline is very full, and the demand for the state LIHTC far exceeds the available resources.[36]

[31] Citizens' Housing & Planning Association. "The Massachusetts Low Income Housing Tax Credit: An Opportunity to Create Affordable Homes and Jobs." https://www.chapa.org/sites/default/files/LIHTCFactSheet.pdf. 21 Jan. 2019.
[32] Citizens' Housing & Planning Association. "The Massachusetts Low Income Housing Tax Credit: An Opportunity to Create Affordable Homes and Jobs." https://www.chapa.org/sites/default/files/LIHTCFactSheet.pdf. 21 Jan. 2019.
[33] Ibid.
[34] Ibid.
[35] Department of Housing and Community Development. "Low Income Housing Tax Credit Program: 2018-2019 Qualified Allocation Plan." https://www.mass.gov/files/documents/2018/08/31/20182019QAP.pdf. 21 Jan. 2019.
[36] Ibid.

8. Exhibit A: Summary of State-Level LIHTC Programs

Exhibit A - Summary of State-Level LIHTC Programs

	Program Name	Credit Type(s)	Duration	Bifurcated from Federal LIHTC?	Program Description and Eligible Uses	State Allocating Agency's Website
Arkansas	Arkansas Low Income Housing Tax Credit	Both 4 percent and 9 percent tax credits	10 years	Yes	The state credit is available to any project that receives the federal low income housing tax credit. The credit amount is equal to 20% of the federal low income housing tax credit, with no more than $250,000 of state tax credits granted in any taxable year.	https://adfa.arkansas.gov/program/low-income-housing-tax-credit/
California	California Low Income Housing Tax Credit (LIHTC) Program	Both 4 percent and 9 percent tax credits	4 years	No	The state credit is only available to a project which has previously received, or is concurrently receiving, an allocation of LIHTCs. Thus the state program does not stand alone, but supplements the federal LIHTC program.	https://www.treasurer.ca.gov/ctcac/index.asp
Colorado	Colorado Affordable Housing Tax Credit	4 percent tax credit	6 years	Yes	An aggregate of $5 million in state credits can be funded each year. The individual transaction cap is 30% of qualified basis.	https://www.chfainfo.com/arh/lihtc
Connecticut	State Housing Tax Credit Contribution (HTCC) Program	The HTCC Program provides funds through tax credit vouchers for Business Firms making contributions to Affordable Housing Programs developed, sponsored or managed by Nonprofit Corporations that benefit Very Low-, Low- and Moderate-Income households.	10 years	Yes	The total amount of tax credits available annually is $10 million. The law requires annual allocation setasides of $1 million for Workforce Housing and $2 million for Permanent Supportive Housing. The remaining balance is ascribed to a general class. Connecticut Housing Finance Authority (CHFA) administers the HTCC Program.	https://www.chfa.org/developers/tax-credit-program/htcc/
Georgia	Housing Tax Credit Program	Both 4 percent and 9 percent tax credits	10 years	Yes	The annual State Credit dollar amount equals that of the Federal Credit. The State Credit is automatically allocated on a dollar-for-dollar basis with the Federal Credit (for both 9% and 4% Federal Credits) and will be available for the same time period.	https://www.dca.ga.gov/safe-affordable-housing/rental-housing-development/housing-tax-credit-program-lihtc
Hawaii	State Low Income Housing Tax Credit Program	Both 4 percent and 9 percent tax credits	5 years	No	The state credit will be automatically allocated at 50% of the federal credit.	http://dbedt.hawaii.gov/hhfdc/developers/lihtc_html/
Illinois	Illinois Affordable Housing Tax Credit (IAHTC)	Equal to 50 percent of the value of the donation, but the total donation must exceed $10,000	1 year	Yes	Illinois Housing Development Authority (IHDA) administers the statewide program, and the City of Chicago's Department of Housing and Economic Development (HED) administers the program in the City of Chicago. IHDA receives 75.5 percent of the annual IAHTC allocation, while the City of Chicago receives 24.5 percent. Each administrative entity has its own application process.	https://www.ihda.org/developers/tax-credits/illinois-affordable-housing-tax-credit/

	Program Name	Credit Type(s)	Duration	Bifurcated from Federal LIHTC?	Program Description and Eligible Uses	State Allocating Agency's Website
Massachusetts	Massachusetts Low Income Housing Tax Credit (LIHTC)	Both 4 percent and 9 percent tax credits	5 years	Yes	The state has the authority to allocate up to $20 million each year in state LIHTCs through 2019, at which point the annual housing credit authority is reduced to $10 million. The state LITHCs are allocated to a qualified Massachusetts project based on the project's need for the credit for economic feasibility.	https://www.mass.gov/service-details/low-income-housing-tax-credit-lihtc
Missouri	Low-Income Housing Tax Credit (LIHTC)	Both 4 percent and 9 percent tax credits	10 years	No	The Missouri low-income housing tax credit available to a project shall be such amount as the commission shall determine is necessary to ensure the feasibility of the project, up to an amount equal to the federal low-income housing tax credit for a qualified Missouri project.	http://www.mhdc.com/rental_production/low_inc_tax_pgrm.htm
	Affordable Housing Assistance Program ("AHAP")	Up to 55 percent of the total value of an eligible donation	1 year	Yes	The AHAP tax credit is a one-time credit that may be allocated to an eligible donor for up to 55 percent of the total value of an eligible donation. There are two types of AHAP tax credits: production credits for donations related to construction, rehabilitation, and rental assistance activities and operating assistance credits for donations that help fund the operating costs of the non-profit organization. The program offers $10 million in production credits and $1 million in operating assistance credits annually.	http://www.mhdc.com/rental_production/ahap/
Nebraska	Nebraska Affordable Housing Tax Credit (AHTC)	9 percent tax credit	6 years	Yes	All owners of qualifying developments receiving an allocation of 9 percent LIHTC from The Nebraska Investment Finance Authority (NIFA) will also receive an allocation of AHTC equal to no more than 100 percent of the 9 percent LIHTC allocation.	https://www.nifa.org/res-dev
New Mexico	New Mexico Affordable Housing Tax Credit Program	Up to 50 percent of the value of donations	Minimum of five years for single family housing and 10 years for multifamily housing. The minimum compliance period can be up to 30 years based on the allocation per housing unit (similar to credit period).	Yes	Donors receive investment vouchers for up to 50 percent of the value of the donation. Donations can be made by individuals, businesses and local governments with a minimum amount being $200 and the maximum $1,000,000. The minimum tax benefit for a donor is $100 and the maximum benefit is $500,000.	http://www.housingnm.org/developers/new-mexico-state-affordable-housing-tax-credit

	Program Name	Credit Type(s)	Duration	Bifurcated from Federal LIHTC?	Program Description and Eligible Uses	State Allocating Agency's Website
New York	New York State Low Income Housing Tax Credit Program (SLIHC)	Both 4 percent and 9 percent tax credits	10 years	No	Signed into law in 2000, the SLIHC program is modeled after the federal LIHC program SLIHC assisted units must serve households whose incomes are at or below 90 percent of the area median income (vs. the 60 percent standard of the federal program).	http://www.nyshcr.org/Programs/SLIHC/
North Dakota	North Dakota Housing Incentive Fund (HIF)	Both 4 percent and 9 percent tax credits	1 year, but can be carried forward up to 10 tax years	Yes	Projects eligible to receive the LIHTC can receive up to an additional $200,000 from HIF. Up to $300,000 is available for projects in DDAs, and $400,000 for projects that include supportive services.	https://www.ndhfa.org/development/HIFDevelopment.html
Oklahoma	Oklahoma Affordable Housing Tax Credit (AHTC)	Both 4 percent and 9 percent tax credits	10 years	No	For a qualified project placed in service after July 1, 2015, the amount of the state credit allocated to a project will be equal to the amount of the federal credit allocated to the project. Applies to qualified projects located in a county with a population of less than 150,000. Applicants are not required to apply for the state credit; it is at the discretion of the applicant.	https://www.ok.gov/ohfa/Developers/Affordable_Housing_Tax_Credits/index.html
Oregon	Oregon Affordable Housing Tax Credit (OAHTC)	Both 4 percent and 9 percent tax credits, but Oregon Housing and Community Services must be the bond issuer for the 4% credit	Lesser of the term of the loan or 20 years	Yes	The 1989 Oregon Legislature created the OAHTC program. The tax credit is available for use by lenders with an Oregon tax liability. It is to reduce interest on loans to qualified projects by up to 4 percent. The interest rate subsidy will then be used by the projects to reduce rents to tenants.	https://www.oregon.gov/ohcs/pages/multifamily-housing-tax-credit-oahtc.aspx
Utah	State of Utah Housing Tax Credit	Both 4 percent and 9 percent tax credits	10 years	Yes	In 1994, the Legislature of the State of Utah passed a bill authorizing the allocation of state of Utah tax credits that offset individual and corporate income taxes. Applicants will be required to first complete their LIHTC application without reliance on state credits, and then will complete the State Credit section to reduce rents. Request for state credits is made with federal LIHTC application, but state credits may also be requested outside of the normal application process.The Utah Credit mirrors the federal credit. It is a ten year credit that can be, when needed, disproportionately allocated to a third investment member when the federal credit investor does not have a Utah tax liability.	https://utahhousingcorp.org/HTML/multifamily.shtml

	Program Name	Credit Type(s)	Duration	Bifurcated from Federal LIHTC?	Program Description and Eligible Uses	State Allocating Agency's Website
Vermont	Vermont Affordable Housing Tax Credit	Based on a taxpayer's eligible cash contributions made to an eligible affordable housing project.	5 years	Yes	Purchaser of the tax credit is not required to have an ownership interest in the eligible housing project. The state has an annual allocation of $700,000, and of this amount $400,000 is reserved for rental housing projects that qualify for the federal LIHTC.	https://www.vhfa.org/rentalhousing/developers#quicktabs-rental_developer_tax_credit_prog=1
Wisconsin	Wisconsin Affordable Housing Tax Credit (WAHTC)	4 percent tax credit	6 years	Yes	On March 28, 2018, Governor Scott Walker signed Wisconsin 2017 Act 176, which created the Wisconsin Housing Tax Credit program.The state tax credit ceiling will be limited to $7 million per year, and it can be matched with the federal 4 percent credit for projects for which the state tax credit is necessary for financial feasibility. The program places a preference for qualified developments in cities, villages, or towns with a population of fewer than 150,000.	https://www.wheda.com/HTC/