ihcda

LOW-INCOME TAX CREDIT PROGRAM

The Low Income Housing Tax Credit program is a dollar-for-dollar federal tax credit that incentivizes the investment of private equity in the development of affordable housing. State housing finance agencies administer the program with each state getting a fixed allocation of credits based on its population. IHCDA is empowered to act as the housing credit agency for the State of Indiana to administer, operate, and manage the allocation of LIHTCs, also known as the Rental Housing Tax Credit Program (RHTC), pursuant to Section 42 of the Code and IHCDA's Qualified Allocation Plan. The Qualified Allocation Plan outlines IHCDA's housing goals along with the threshold and scoring criteria for the program.

ABOUT THE FUNDING

The Authority receives an allocation of tax credits every year that it then allocates between funding "set-asides" to help reach the State's objectives in regards to affordable housing. The Authority's "housing tax credit ceiling" for allocation in any one year is determined by the sum of the following components:

1. **Per Capita Credits** – determined by the State's population.
2. **Carry Forward Credits** – unused credits in any one year will be carried forward for allocation in the succeeding year.
3. **Returned Credits** – credits that are returned from developments that received an allocation in previous years will be re-allocated.
4. **National Pool** - if the Authority is able to allocate the tax credits to a de minimis amount in any one year, the State is then eligible to receive additional credits from a pool of credits returned unused by other states.

PROGRAM TIMELINE

- Yearly Competitive Application Round
- Qualified Allocation Plan (QAP) outlines the application policy and procedures. A new QAP is published every two years.
- Applications due on the first Monday in November
- Awards announced at IHCDA's February board meeting

APPLICATION REVIEW PROCESS

Completeness: On or before the application deadline, the applicant must provide all required documents, signatures and attachments.
Threshold: The application must meet each of the applicable threshold criteria listed in the application policy.
Scoring: Applications that pass the completeness and threshold reviews are then scored according to IHCDA's published scoring criteria found in the application policy.

AFFORDABILITY REQUIREMENTS

The project owner must agree to comply with Section 42 regulations and maintain an agreed open percentage of low income units, within the application, in a "Land Use Restriction Agreement" (LURA). Under the LURA, the project is required to meet the particular project's low income requirements for a 15-year initial "compliance period" and a subsequent 15-year "extended use period". The credits are subject to "recapture" if the project fails to comply with the requirements.

SET ASIDES

The Authority believes it can best achieve its housing goals by establishing set aside categories for tax credit allocations. More than one (1) set aside category may be addressed by a Development, depending upon the location, characteristics and whether the owner is a qualified not-for-profit organization. However, a Development may only compete in one (1) Development Location set aside.

% fo Available RHTCs	Set Aside Category
15%	Qualified Not-for-profit
10%	Stellar Community
10%	Elderly
10%	Large City
10%	Small City
10%	Rural
15%	Preservation
10%	Housing First
10%	General

PROGRAM FACTS

- *Maximum annual request is $1.2 million tax credits*
- *Minimum Score must be 120 or higher*

FOR MORE INFORMATION ON THE TAX CREDIT PROGRAM VISIT: www.in.gov/myihcda/rhtc.htm