

## Low-Income Housing Tax Credit Program

### Program Overview

The Low-Income Housing Tax Credit (LIHTC) program is the nation's oldest and most successful affordable housing production program. Since 1987, the LIHTC program has given states \$10 billion in allocation authority, stimulating private equity investment towards the production of more than 2.78 million affordable homes nationwide. This federal income tax credit is awarded to owners and then sold to investors to generate capital for construction or acquisition with substantial rehabilitation of eligible rental housing.

### Application Process

Applicants must meet the priorities of Minnesota Housing's Qualified Allocation Plan (QAP). Visit [www.mnhousing.gov](http://www.mnhousing.gov) to view the QAP.

- Availability for 9% credits: Applications accepted only through annual RFP and Supplemental Round 2
- Availability for 4% credits: Applications accepted throughout the year in conjunction with tax-exempt bonds

### Terms

<b>Eligible Properties:</b>	Acquisition with rehabilitation, rehabilitation, or new construction of eligible rental housing. Must set aside a minimum number of units that meet both rent and income restrictions to qualify for tax credits for each year of the credit period. A project must, for a specific period of time, meet one of the following minimum tests: <ul style="list-style-type: none"><li>• 20/50 Test: A minimum of 20 percent of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 50 percent Multifamily Tax Subsidy Project (MTSP) limits (as established for different geographical areas and published by HUD) adjusted for family size.</li><li>• 40/60 Test: A minimum 40 percent of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 60 percent MTSP limits, adjusted for family size.</li></ul>
<b>Purpose:</b>	Leverage private capital and investor equity to support the development of new and rehabilitated affordable rental housing.
<b>Term:</b>	Fifteen year compliance period and minimum additional 15-year extended use period
<b>Income and Rent Limits:</b>	All LIHTC units are income and rent restricted based on elected set-aside. Additional restrictions may apply based on competitive application.
<b>Third Party Reports:</b>	Including but not limited to appraisal, environmental, radon, market study, and physical needs assessment, as required.
<b>Monitoring:</b>	Owners must submit an owner's certification and report occupancy data annually using Minnesota Housing's online reporting tool. Properties will be inspected periodically including a review of tenant files and other administrative records.

**Fees and Expenses:**

- Application/Determination fee: \$800
- Reservation/Tax Exempt Credit Preliminary Determination Fee: 3.5 percent of annual credit amount
- Carryover Fee: 3.5 percent of annual credit amount
- Allocation/8609 Fee: 3.5 percent of annual credit amount
- Monitoring Fee: \$25 per unit per year

**Questions**

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