

Housing Tax Credit Program & GICH



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Overview



- What is the Housing Tax Credit Program (LIHTC)?
- Why would we want it in our community?
- How does it work?
- How can it work for us?

What is the Housing Tax Credit Program?

What is the Housing Tax Credit?

- ❑ Largest producer of affordable housing
- ❑ Highly accountable: private sector participation and state administration
- ❑ Enacted by Tax Reform Act of 1986 under Pres. Reagan
- ❑ Georgia authorized matching state housing credit in 2001





Why would our community want this?

Housing credit properties' impact

- ❑ Seniors seeking independent living
- ❑ Georgia working families with low and moderate incomes
- ❑ Individuals with disabilities



Residents at Lone Mountain Village (Ringgold, GA)

Spotlight: Walton Oaks (Augusta, GA)



Before



Photo credit: Augusta Chronicle

After



Photo credit: Walton Communities

Spotlight: Walton Oaks (Augusta, GA)



- Culmination of the Underwood Homes Redevelopment (multi-phase effort); DCA awarded over \$3.3 million between 2009-13.
- Mixed-use community developed and built by Walton Communities in association with the Augusta Housing Authority
- Provides residents with a number of special programs and services:
 - Kid's Club Program
 - Family Life Library
 - Individual & family counseling
 - Partners with local organizations to bring additional services and support to residents

Economic Impact of Housing Credit Program

- Economic impact for every 100 tax credit units built
 - 161 local jobs created in 1st year
 - \$11.7 million generated in local income
 - \$2.2 million generated in local government revenue

2016 Georgia Housing Credit Economic Impact

In 2016, the State funded a total of 2,438 units.
A funded tax credit property had, on average, 90 units.

In the first year after 90 units have been placed in service, the surrounding community benefits:

Local Government (average, 90 units)	
Local Income	\$10.5 million
Tax and Local Government Revenue	\$2.0 million
Local Jobs	149 jobs

In the first year after 2,438 units have been placed in service, the state as a whole benefits:

Statewide (total, 2,438 units)	
Local Income	\$302.3 million
Tax and Local Government Revenue	\$80.5 million
Local Jobs	4,145 jobs

Affordable housing helps students and teachers

- Affordable housing minimizes disruptive, frequent moves, which increase the likelihood of low test scores and dropping out of schools.
- School districts across the country have developed innovative affordable housing programs that recognize it is important for teachers to put down roots in the communities
 - Federal government's "Teacher Next Door" program helps teachers live in the school districts where they teach at an affordable price.

What about property values?

- ❑ Several studies have shown that affordable housing generally has no adverse effects and may even have positive effects.
- ❑ One study found:
 - ❑ Every 100 additional tax credit units led to a 14.9% increase in the surrounding neighborhood's median home value.
 - ❑ Overall, each new tax credit unit increased the number of recently built rental units by 0.8 units within one kilometer of the project site.

Impact on local tax base and property tax system



- ❑ Nationwide, the effective tax rate (property tax paid relative to the market value) for multi-family complexes is significantly higher than single-family homes.
- ❑ Multi-family housing offers greater efficiency in use of public services and infrastructures.
- ❑ Lower housing costs help retain volunteer fire and ambulance crews.

What about traffic?

- ❑ DCA awards more points to Applications proposing a site in an area with access to local jobs, particularly where employees working in that area have significant commute distances to their jobs.
- ❑ Affordable housing helps reduce the number of cars on the road by allowing working people to live near their jobs
- ❑ Studies show that affordable housing residents own fewer cars and drive less than residents of market-rate homes.

How does the Housing Tax Credit program work?

How does this competitive program work?

- The IRS allocates ~\$2.35/resident to each state
- The State Housing Finance Agency sets the rules (QAP)
- Developers compete to win award of credits
- Private investors contribute equity to build housing and receive benefits of the tax credits
- Housing is built and rents must be affordable (typically 60% AMI) for at least 30 years
- Once housing is inhabited, then tax benefits begin

Snapshot: 2016 Funding Round

- ❑ 29 (of 79) applications funded
- ❑ 11 (of 29) properties in rural
- ❑ 25 (of 29) properties new construction
- ❑ 12 new and rehabilitated senior properties funded





How can the credit work for us?

2017 QAP Application Schedule



- QAP policy is an annual, iterative process
- Gov. Deal signed QAP on Feb. 8, 2017
- Application submission deadline is *May 25, 2017*

GI CH Advantages in the QAP: DCA Community Initiatives

- One (1) point will be awarded for projects that have a letter from an eligible GI CH team which clearly:
 - Identifies the project as located within their GI CH community
 - Is indicative of the community's affordable housing goals
 - Identifies that the project meets one of the objectives of the GI CH plan
 - Is executed by the GI CH community's primary or secondary contact on record with the UGA Housing and Demographic Research Center as of May 1, 2017
 - Has not received a tax credit award in the last three years
- Each GI CH team may only issue one (1) letter for one project in this year's competitive round. If more than one (1) letter is issued, no project in that community shall be awarded this point.

Other Opportunities to Score

- ❑ Leveraging with local HOME, CDBG, or other funds
- ❑ Proximity to regular or on-call bus route
- ❑ Brownfield remediation and development
- ❑ Transformational Communities

Transformation: Coordinated service delivery

- Contains strategies for the coordination and provision of local services and resources to those most in need in a Defined Neighborhood around the development.
- A holistic, placed-based strategy to transform the Defined Neighborhood by addressing critical problems and challenges identified by the citizens as well as public and private community partners.
 - The solutions proposed may be existing or newly planned but each must represent an intentional community strategy targeting both the future residents and surrounding community within the Defined Neighborhood as a whole.
 - The Community Transformation Plan may include initiatives highlighted elsewhere in the Application, such as Scoring Sections XVI. Innovative Project Concept and XIX. Healthy Housing Initiatives and Threshold Section IV. Required Services, if the initiatives were collaboratively reached as outlined below.

Community Engagement and Outreach

Public and Private Engagement

- Family Applicants must engage at least two of the following Transformation Partners, while Senior Applicants must engage at least one:
 - a local K-12 school district representative,
 - a local health provider,
 - an employment services provider,
 - and/or a transportation services provider.
- The Transformation Team may engage additional community partners beyond this list after meeting the stated minimum requirement. The Transformation Team must show documentation that at least one (1) meeting between Transformation Partners open to the public were held to identify challenges to transformation.

Citizen Outreach

- The Transformation Team must make substantial efforts to record feedback from the low-income population to be served on what challenges prevent this community from accessing local resources such as education, health services, employment, and transportation.
- This requirement for Community Outreach may be met through one (1) survey or two (2) public meetings. The requirement for one of the public meetings may be satisfied by the one required public meeting between Transformation Partners.

Any Transformation Plan must include:

- ❑ Assessment of the existing Community Revitalization Plan and any other past strategies directly affecting the Defined Neighborhood.
- ❑ Data from Community Engagement and Outreach that demonstrates the level to which the local population to be served (low-income families or seniors) currently accesses community resources (e.g., education, health services, employment, and transportation).
- ❑ Input from Community Engagement and Outreach that identifies the challenges the local population to be served face in accessing those community resources.
- ❑ For each prioritized challenge, the Transformation Team and Partners identify at least one measurable goal for 1) increasing future residents' access to these resources and 2) catalyzing improved access to such resources for the Defined Neighborhood as a whole. For each goal, the Community Transformation Plan names at least one solution to be implemented by one or more Transformation Partners and/or Team members.

Spotlight: Transforming Rome, GA

- ▣ South Rome Boys and Girls Club built with a combination of CDBG funds and a SPLOST
 - ▣ Close to nearby elementary school
- ▣ South Rome Redevelopment Corp & Laurel Street Residential awarded 2015 credits, starting construction of scattered-site development in June 2016
 - ▣ A mix of apartment units and units designed to look like single-family homes
 - ▣ Budget was \$13.8 million – construction costs mostly financed by sale of federal and state tax credits.

Spotlight: 2015 DCA Program Grants (Rome, GA)

□ Tax Credits

- \$771,929 in State Tax Credits
- \$77,929 in Federal Tax Credits

□ Downtown Development Revolving Loan Fund

- July 2015 - \$222,400
- Oct 2015 - \$75,000
- Nov 2015 - \$176,000
- Nov 2015 - \$250,000

Wrap Up

- ❑ To receive information on trainings, workshops, and general program updates, sign up to our email list at:
<http://www.dca.ga.gov/housing/HousingDevelopment/programs/OAH.asp>
- ❑ Contact Grace Baranowski (grace.baranowski@dca.ga.gov) or Philip Gilman (philip.gilman@dca.ga.gov) with any questions