HOUSING TAX CREDIT EXAMPLES
PARTNERSHIP STRUCTURE

- You purchase a home:
  - Generally put down 10%-20%
  - Finance the rest (mortgage)
  - Your mortgage is your largest monthly expense
PARTNERSHIP STRUCTURE

- LITHC Community
  - The tax credits are awarded by the State and sold to an investor (bank, insurance company, syndicator)
  - The proceeds are used as equity, usually 80%-90%
  - The remaining amount is your debt (mortgage)
  - BUT IT’S THE SAME HOUSE
PARTNERSHIP STRUCTURE

• For the next 15 years the community will have to operate under guidance by the Department of Community Affairs, being audited every few years.
• Most communities will remain affordable for another 15 years under an Extended Use Agreement
• After the first 15 years the owners (developer) can apply with the State for another round of tax credits and update the property drastically (so no slums).
• The entire time, the community is owned by the developer (which can be a joint venture with a local government entity).