

FEDERAL TAX REFORM

Impacts on Federal and State Low-Income Housing Tax Credits

Kevin Wilson

Partner

Novogradac & Company LLP

kevin.wilson@novoco.com

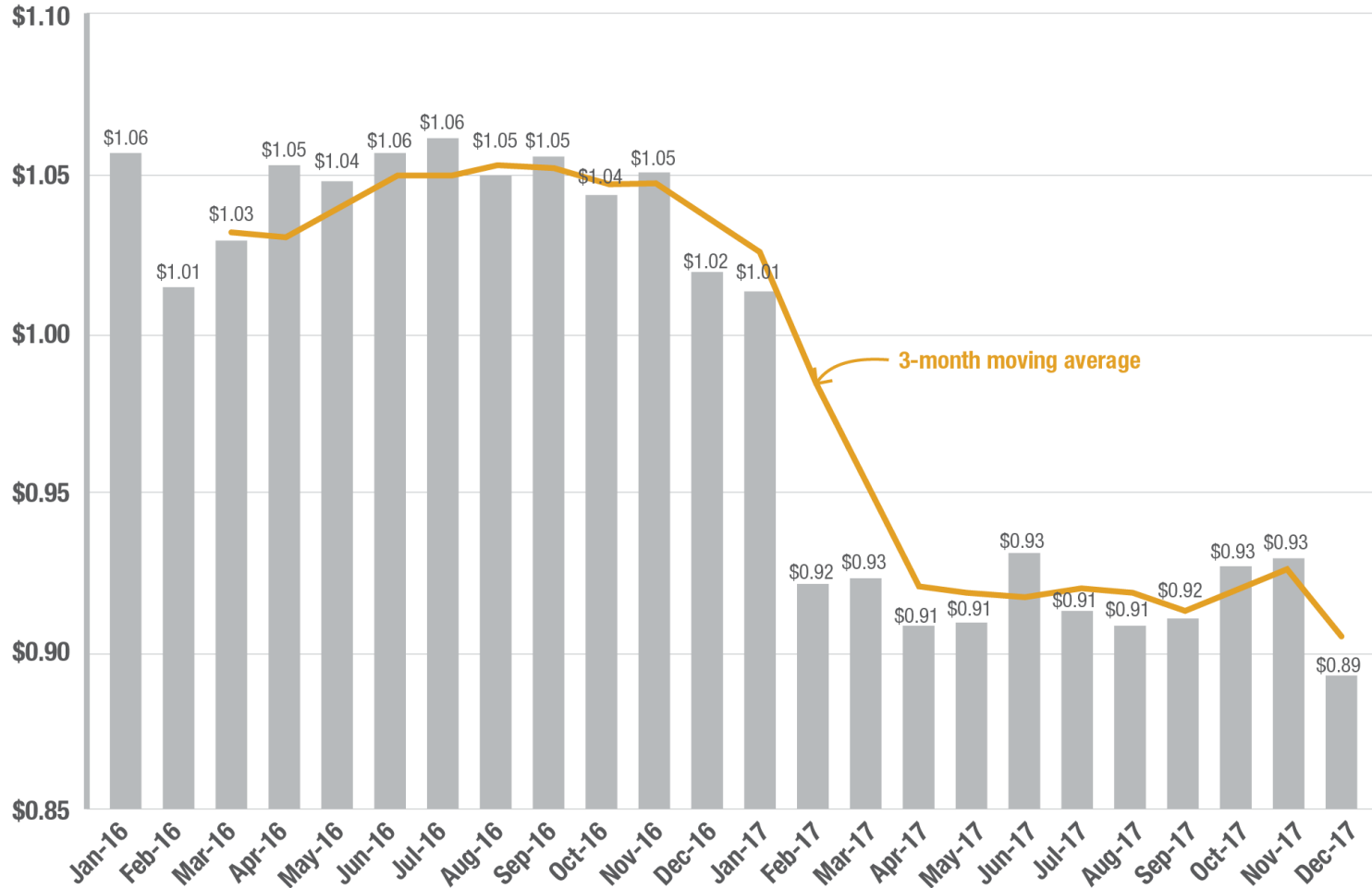
February 21, 2018

www.novoco.com

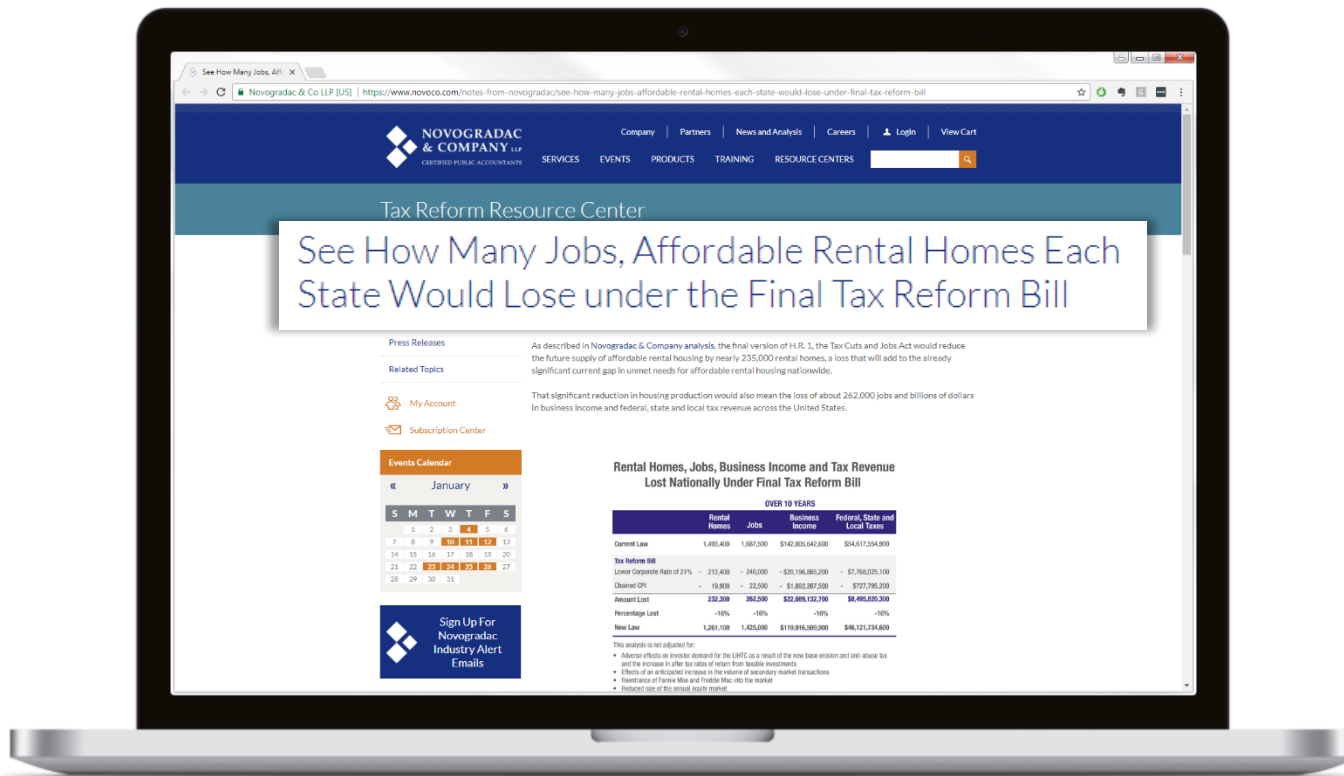


Low-Income Housing Tax Credit Equity Pricing per Credit

January 2016-December 2017



This low-income housing tax credit equity pricing chart is presented for general information purposes only. Per credit equity pricing is based on syndicator Letter of Intent (LOIs) provided to Novogradac & Company LLP by market participants. The equity price reported for each month is the average equity price for LOIs issued in that month. No adjustments to equity pricing are made for timing of capital contributions or other considerations. Data labels are rounded to the nearest cent.



See How Many Jobs, Affordable Rental Homes Each State Would Lose under the Final Tax Reform Bill

- [Press Releases](#)
- [Related Topics](#)
- [My Account](#)
- [Subscription Center](#)

Events Calendar

« January »

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Sign Up For Novogradac Industry Alert Emails

As described in Novogradac & Company analysis, the final version of H.R. 1, the Tax Cuts and Jobs Act would reduce the future supply of affordable rental housing by nearly 225,000 rental homes, a loss that will add to the already significant current gap in unmet needs for affordable rental housing nationwide.

That significant reduction in housing production would also mean the loss of about 262,000 jobs and billions of dollars in business income and federal, state and local tax revenue across the United States.

Rental Homes, Jobs, Business Income and Tax Revenue Lost Nationally Under Final Tax Reform Bill

	Rental Homes	Jobs	Business Income	Federal, State and Local Taxes
Current Law	1,480,400	1,682,200	\$142,803,642,600	\$54,817,204,900
Tax Reform Bill				
Lower Corporate Rate of 21%	- 212,400	- 240,000	- \$20,198,865,200	- \$7,760,035,100
Overseas DRI	- 19,900	- 22,000	- \$1,882,287,500	- \$727,798,200
Annual Limit	232,300	262,500	\$22,985,152,100	\$8,466,003,300
Percentage Lost	-15%	-15%	-15%	-15%
New Law	1,268,100	1,442,000	\$119,898,589,900	\$46,327,174,600

This analysis is not subject to:

- Adjusted effects on investor demand for the LRIC as a result of the new base erosion and anti-abuse tax and the increase in after-tax costs of other from passive investments.
- Effects of an anticipated increase in the volume of secondary market transactions.
- Incurrence of Finance Mail and Prohibit Mail into the market.
- Projected size of the annual credit market.

Rental Homes, Jobs, Business Income and Tax Revenue Lost Nationally Under Final Tax Reform Bill

OVER 10 YEARS

	Rental Homes	Jobs	Business Income	Federal, State and Local Taxes
Current Law	1,493,400	1,687,500	\$142,005,642,600	\$54,617,554,900
Tax Reform Bill				
Lower Corporate Rate of 21%	- 212,400	- 240,000	- \$20,196,865,200	- \$7,768,025,100
Chained CPI	- 19,900	- 22,500	- \$1,892,267,500	- \$727,795,200
Amount Lost	232,300	262,500	\$22,089,132,700	\$8,495,820,300
Percentage Lost	-16%	-16%	-16%	-16%
New Law	1,261,100	1,425,000	\$119,916,509,900	\$46,121,734,600

This analysis is not adjusted for:

- Adverse effects on investor demand for the LIHTC as a result of the new base erosion and anti-abuse tax and the increase in after tax rates of return from taxable investments
- Effects of an anticipated increase in the volume of secondary market transactions
- Reentrance of Fannie Mae and Freddie Mac into the market
- Reduced size of the annual equity market

Source: NAHB; Novogradac & Company LLP

Rental Homes, Jobs, Business Income and Tax Revenue Lost Under Final Tax Reform Bill

OVER 10 YEARS

	Rental Homes	Jobs	Business Income	Federal, State and Local Taxes
Alabama	1,400	1,580	\$133,314,000	\$51,275,000
Alaska	520	590	\$49,861,000	\$19,177,000
Arizona	2,630	2,970	\$249,892,000	\$96,112,000
Arkansas	800	910	\$76,496,000	\$29,421,000
California	48,870	55,230	\$4,647,189,000	\$1,787,380,000
Colorado	5,430	6,130	\$515,906,000	\$198,426,000
Connecticut	2,350	2,650	\$223,129,000	\$85,819,000
Delaware	530	600	\$50,079,000	\$19,261,000
District of Columbia	3,380	3,820	\$321,860,000	\$123,792,000
Florida	10,380	11,730	\$987,322,000	\$379,739,000
Georgia	4,760	5,380	\$453,070,000	\$174,258,000
Hawaii	1,080	1,220	\$102,555,000	\$39,444,000
Idaho	530	590	\$50,017,000	\$19,237,000
Illinois	5,610	6,340	\$533,539,000	\$205,207,000
Indiana	4,220	4,760	\$400,833,000	\$154,166,000
Iowa	930	1,050	\$88,250,000	\$33,942,000
Kansas	860	980	\$82,057,000	\$31,561,000
Kentucky	1,590	1,800	\$151,642,000	\$58,324,000
Louisiana	3,280	3,700	\$311,704,000	\$119,886,000
Maine	360	410	\$34,084,000	\$13,109,000
Maryland	4,040	4,560	\$383,943,000	\$147,671,000
Massachusetts	6,260	7,080	\$595,488,000	\$229,034,000
Michigan	3,670	4,140	\$348,575,000	\$134,067,000
Minnesota	3,460	3,910	\$329,072,000	\$126,566,000
Mississippi	900	1,020	\$85,940,000	\$33,054,000
Missouri	2,320	2,620	\$220,814,000	\$84,928,000
Montana	390	440	\$37,054,000	\$14,252,000
Nebraska	1,060	1,200	\$100,752,000	\$38,751,000
Nevada	1,730	1,950	\$164,220,000	\$63,162,000
New Hampshire	480	540	\$45,691,000	\$17,573,000
New Jersey	6,370	7,200	\$606,036,000	\$233,091,000
New Mexico	3,120	3,530	\$296,742,000	\$114,131,000
New York	24,900	28,140	\$2,367,638,000	\$910,630,000
North Carolina	3,680	4,150	\$349,628,000	\$134,472,000
North Dakota	590	660	\$55,838,000	\$21,475,000
Ohio	14,940	16,880	\$1,420,564,000	\$546,371,000
Oklahoma	1,060	1,190	\$100,438,000	\$38,630,000
Oregon	1,340	1,520	\$127,640,000	\$49,092,000
Pennsylvania	4,790	5,420	\$455,726,000	\$175,279,000
Rhode Island	690	780	\$65,883,000	\$25,340,000
South Carolina	2,350	2,650	\$223,029,000	\$85,780,000
South Dakota	310	350	\$29,520,000	\$11,354,000
Tennessee	3,540	4,000	\$336,879,000	\$129,569,000
Texas	13,620	15,390	\$1,294,883,000	\$497,955,000
Utah	1,770	2,000	\$168,332,000	\$64,743,000
Vermont	500	560	\$47,370,000	\$18,219,000
Virginia	3,030	3,420	\$287,723,000	\$110,663,000
Washington	9,540	10,780	\$906,829,000	\$348,781,000
West Virginia	490	560	\$46,874,000	\$18,028,000
Wisconsin	2,090	2,370	\$199,107,000	\$76,580,000
Wyoming	310	350	\$29,520,000	\$11,354,000



Rental Homes, Jobs, Business Income and Tax Revenue Lost Under Final Tax Reform Bill

OVER 10 YEARS

	Rental Homes	Jobs	Business Income	Federal, State and Local Taxes
California	48,870	55,230	\$4,647,189,000	\$1,787,380,000

This analysis is not adjusted for:

- Adverse effects on investor demand for the LIHTC as a result of the new base erosion and anti-abuse tax and the increase in after tax rates of return from taxable investments
- Effects of an anticipated increase in the volume of secondary market transactions
- Reinstatement of Fannie Mae and Freddie Mac into the market
- Reduced size of the annual equity market

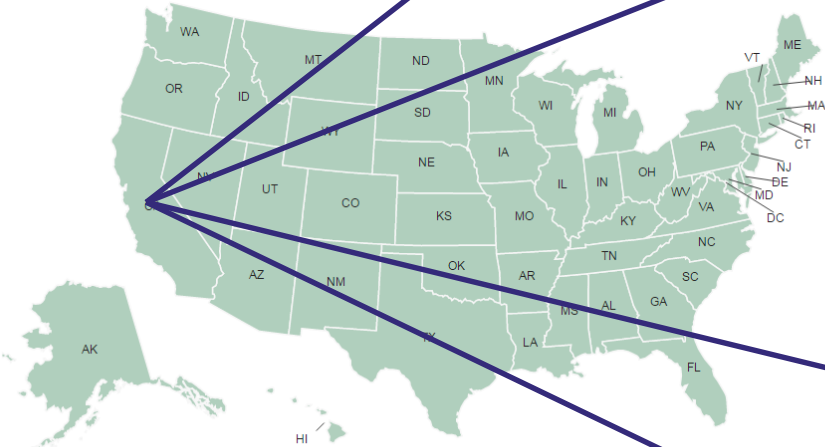
Source: NAHB, Novogradac & Company LLP



State And District Fact Sheets

The ACTION state and district show the impact of the Housing Credit in every congressional district, including the number of affordable apartments created or preserved, the jobs that Housing Credit development supports and other benefits to local economies. For the first time, the fact sheets also provide information on the affordable housing crisis in each state, underscoring the vast need for the Housing Credit. See our [National Fact Sheet](#) showing the impact of the Housing Credit throughout the U.S.

Click on Your State Below:



THE LOW-INCOME HOUSING TAX CREDIT'S IMPACT IN CALIFORNIA

THE LOW-INCOME HOUSING TAX CREDIT'S BENEFITS FOR CALIFORNIA'S FAMILIES & THE ECONOMY

1986 - 2015



335,090
homes developed or preserved



780,760
low-income households provided affordable homes



378,652
jobs supported for one year



\$36.1 billion
local income generated



\$14.21 billion
tax revenue generated

Sources: National Council of State Housing Agencies 2015 Factbook, National Association of Home Builders



The Housing Credit is a proven solution to help address the affordable housing crisis.

The Housing Credit is our nation's most successful tool for encouraging private investment in affordable rental housing. It has financed over 3 million apartments nationwide since 1986, providing roughly 7 million low-income families, seniors, veterans, and people with disabilities homes they can afford.

Without the Housing Credit, it would be financially infeasible for the private sector to build affordable homes for the families that need them most.

The ACTION Campaign calls on Congress to:

- **Protect** the Housing Credit in tax reform.
- **Preserve** multifamily Housing Bonds, which provide critical financing to roughly 40 percent of Housing Credit developments.
- **Expand** the Housing Credit to make a meaningful dent in our nation's severe shortage of affordable housing.
- **Strengthen** the Housing Credit by making it more streamlined and flexible.

THE NEED FOR AFFORDABLE HOUSING

Though the Housing Credit has had a tremendous impact in California, much more affordable housing is still needed to meet the growing demand.



In California, **1.72 million households**

pay more than half of their monthly income on rent, leaving too little for other expenses like health care, transportation and nutritious food.



And in California, a minimum wage worker has to work **118 hours per week** in order to afford a modest one-bedroom apartment.

Sources: 2015 American Community Survey, National Low Income Housing Coalition's Out of Reach 2015

The ACTION Campaign represents over 2,000 organizations and businesses working to address our nation's severe shortage of affordable rental housing by supporting the Low-Income Housing Tax Credit.

www.rentalhousingaction.org

FEDERAL TAX REFORM

Impacts on Federal and State Low-Income Housing Tax Credits

Kevin Wilson

Partner

Novogradac & Company LLP

kevin.wilson@novoco.com

February 21, 2018

www.novoco.com

