



PHOENIXIDA

Item 3



Low Income Housing Tax Credits

Phoenix IDA Board Meeting 2/15/24

Low Income Housing Tax Credits (LIHTC)

- ✓ Tax Reform Act of 1986
- ✓ Provides a credit to offset an investor's federal income tax liability
- ✓ Federal guidelines and rent restrictions
- ✓ Qualified Allocation Plan (QAP)



9% LIHTC

- Annual competition, scored based on QAP
- Provides 70-80% equity
- Favors housing for households at or below 30% AMI
- Set-asides for rural, tribal, Choice Neighborhoods



The Marist, FSL

235 S. Church Ave

An architectural rendering of a modern, multi-story apartment building. The building features a mix of beige and light grey exterior panels, with a prominent wooden slat facade on the upper levels. It has multiple balconies with white railings and large windows. In front of the building is a parking garage with several cars parked. The foreground is landscaped with various plants, including agave-like succulents and colorful flowers, set against a clear blue sky with light clouds.

4% LIHTC

- Combination of bonds and tax credits
- Non-competitive, no QAP score
- Larger projects
- Provides 55%-65% of equity
- Needs a lot of gap financing
 - HOME
 - Housing Trust Funds
 - State Tax Credits
 - Other Funds



Esperanza Housing Project Sources & Uses from Bond Application

Total Project Cost

\$35,543,976

• Sources

• Bond Proceeds	\$ 8,550,000.00
• Tax Credit Equity	\$13,838,674.00
• ADOH Loan	\$ 4,000,000.00
• Maricopa County Loan	\$ 6,000,000.00
• Deferred Developer Fee	\$ 2,155,302.00

Sources Total: \$34,543,976.00

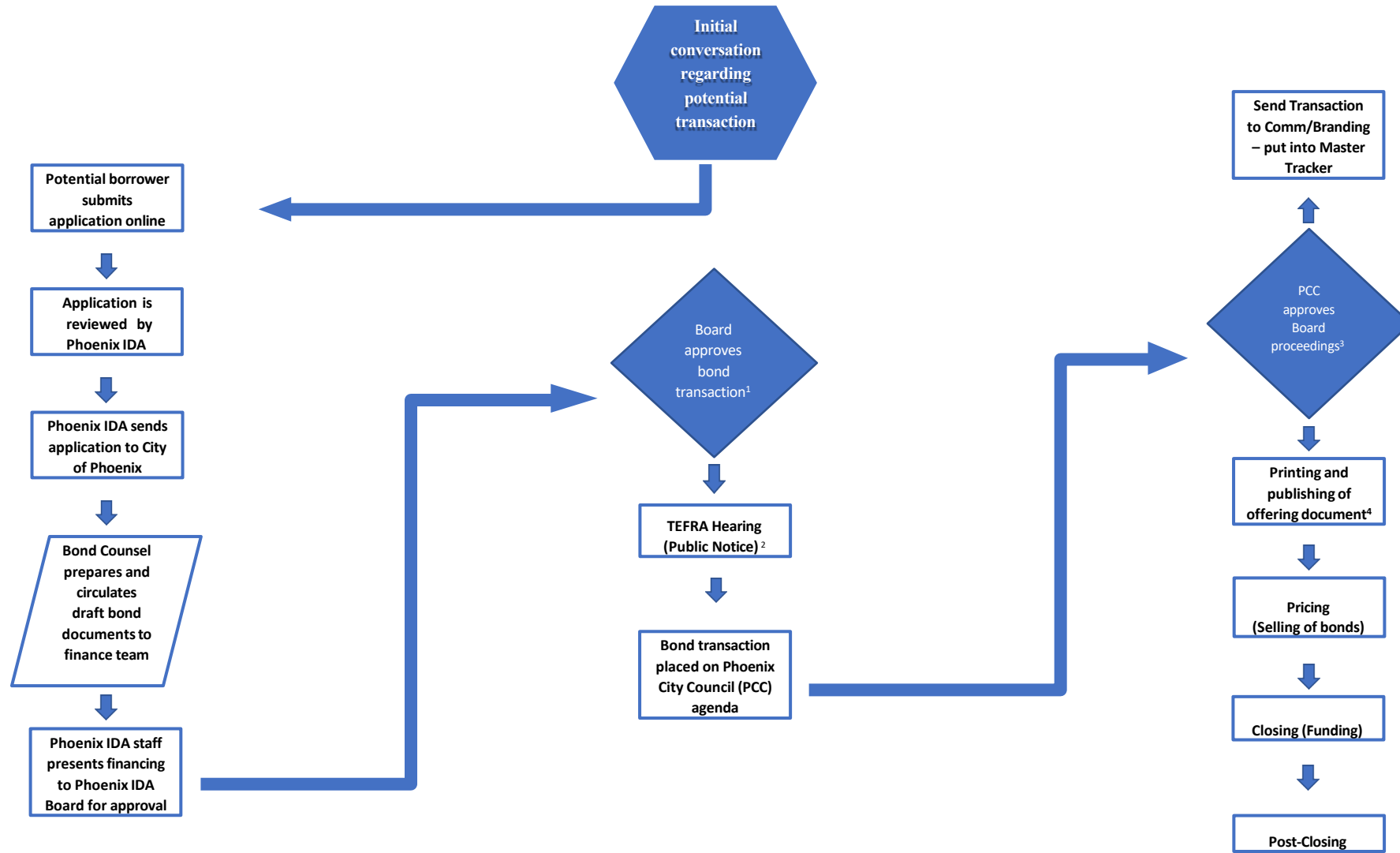
• Uses

• Land	\$2,890,000.00
• Construction	\$20,631,087.00
• Furniture, Fixtures & Equipment	\$ 250,000.00
• Cost of Issuance	\$ 487,500.00
• Architect/Engineering	\$ 600,000.00
• Permits & Fees	\$ 500,000.00
• Title & Survey	\$ 125,000.00
• Construction Period Expenses	\$ 160,000.00
• Financing Costs	\$2,336,917.00
• Professional Services	\$ 340,000.00
• Tax Credit Fees	\$ 156,452.00
• Development Fee	\$5,400,000.00
• Reserves & Other	\$ 667,020.00

Uses Total: \$34,543,976.00



Bond Transaction Flow Chart



¹ This step is legally referred to as “Board proceedings”

² These hearings are known as TEFRA Hearings since they were instituted by the federal Tax Equity and Fiscal Responsibility Act of 1982- <https://phoenixida.com/public-meetings/>

³ A legal nuance, but an important distinction in bond world

⁴ Sometimes the preliminary version of this document is published before Council approval, however pricing cannot occur prior to Council approval

Discussion