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Basics of Low Income Housing Tax Credits Case Study of Stoddard West Apartments





**Opening doors,
changing lives.**

CREATE COMMUNITIES

Builds safe, affordable homes and communities designed to break the cycle of poverty

SERVE RESIDENTS

Offers innovative, targeted support services to almost 10,000 residents

MANAGE PROPERTIES

Manages a property portfolio that includes 3,200 homes spread across 76 communities

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What are affordable housing tax credits?

Federal Low Income Housing Tax Credits (LIHTC) offer tax incentives for private investment in affordable housing.

Two most common types:

- 4% tax credits
- 9% tax credits





4% Tax Credits

Cover up to 30% of development costs

In greater supply than the 9% tax credits

Credits are becoming increasingly competitive

Projects typically require additional funding to complete

9% Tax Credits

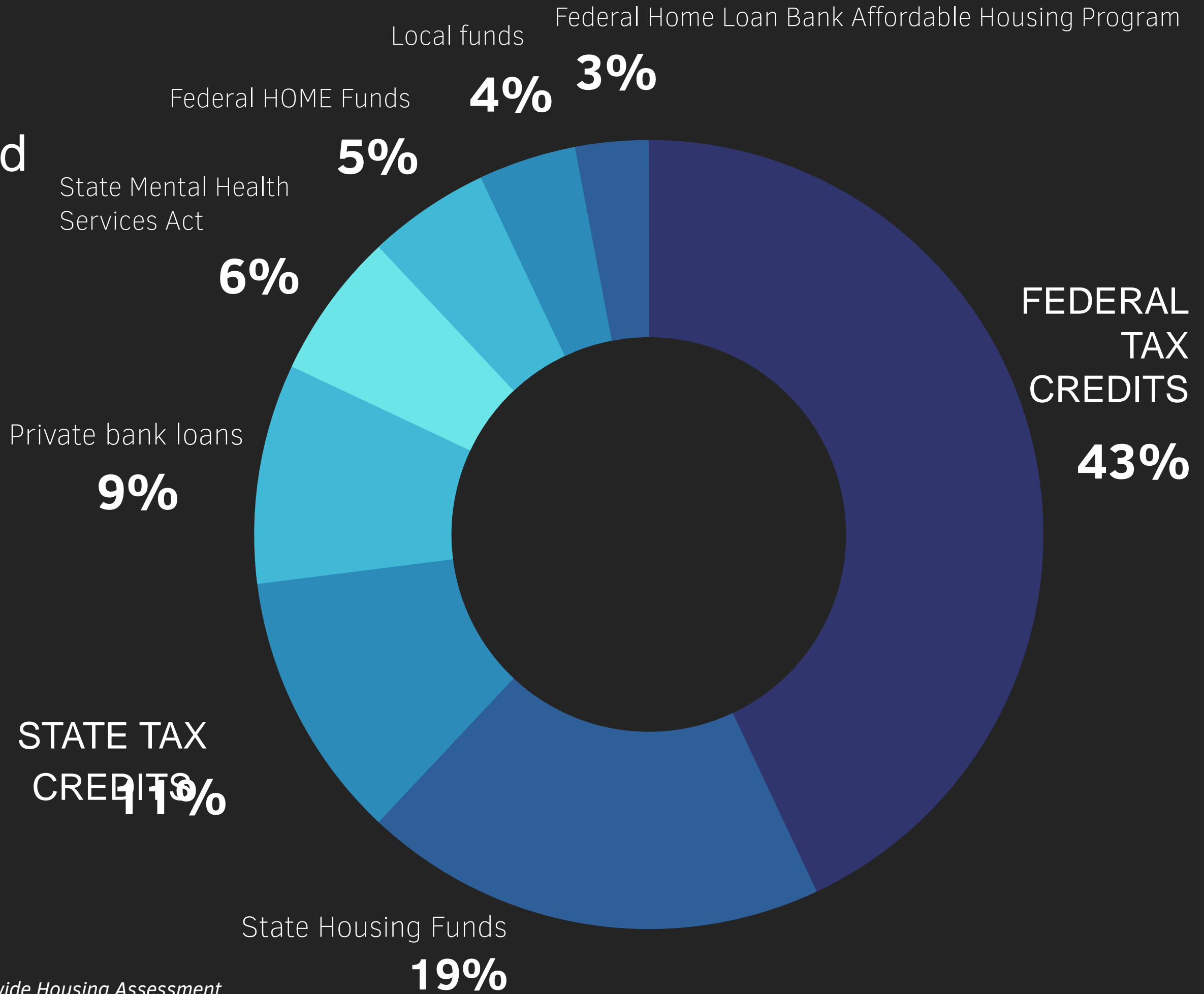
Cover up to 70% of development costs

Credits are extremely competitive

Projects typically require less additional funding to complete



How Affordable Housing Projects are Typically Funded





Why do tax credits matter?

Tax credits help to fund a majority of affordable housing projects in California.

Multiple funding sources, including tax credits, are almost always required to complete an affordable housing project.





The Basics

Tax Credit = \$1 for \$1 reduction of taxes owed

Examples include:

- Low Income Housing Tax Credit
- **New Market Tax Credit**
- Business Energy Tax Credit
- Earned Income Tax Credit
- Child Care Tax Credit
- Higher Education Tax Credit





Eligible Projects

Per sec. 42 (Federal), must meet basic criteria:

- Non-transient rental housing (includes SROs)
- Resident income < 60% AMI (80% if income averaging)
- New construction, substantial rehab, acquisition/rehab

For 9% credits TCAC (State) eligible projects:

- Large family
- Senior
- Special needs (includes SROs)
- At-risk



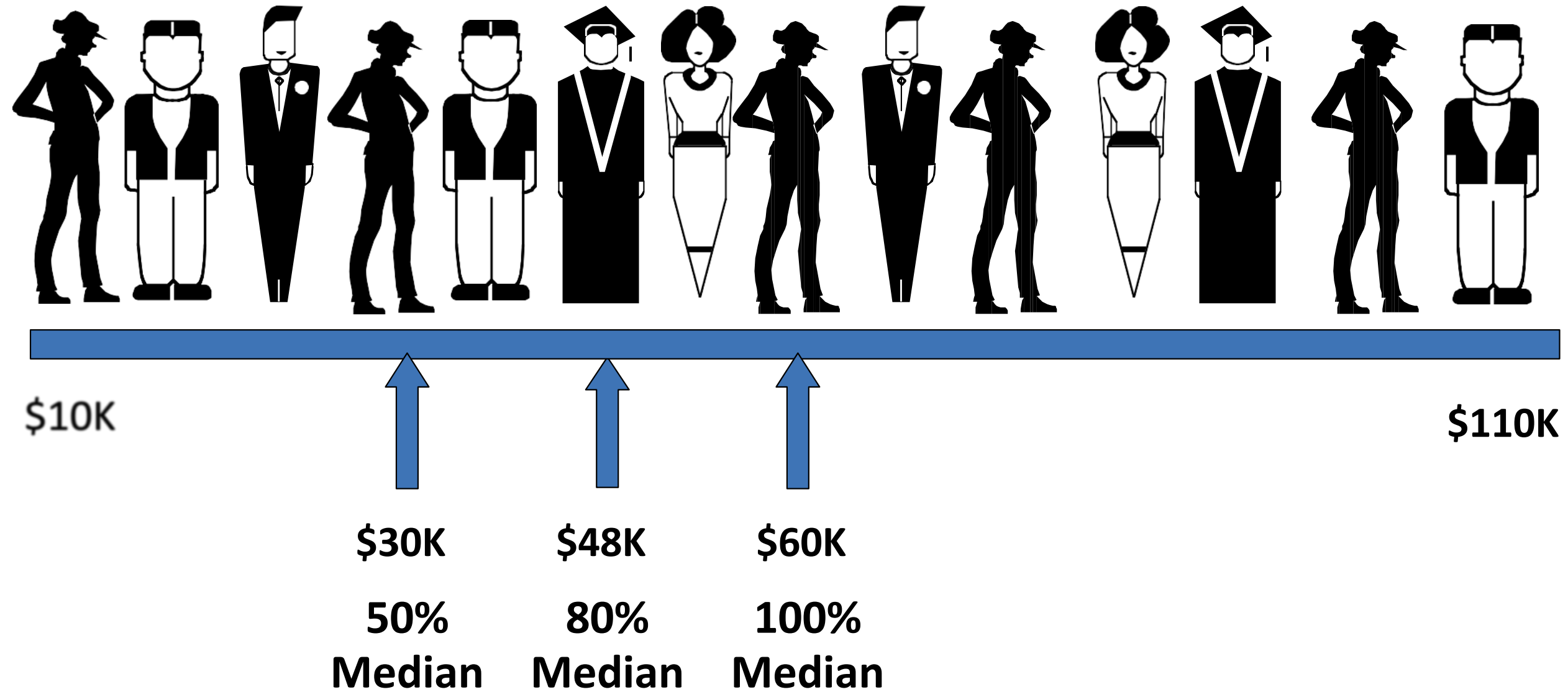


Ineligible Projects

- Owner-occupied buildings
- Employer-provided housing
- Nursing homes
- Retirement homes
- Lifecare facilities
- Hospitals
- Dormitories
- Mobile home parks



Area Median Income (AMI)



*Graphic by California Housing Partnership

Setting Rents



- Rent \leq 30% of income level (per unit) based on 1.5 persons per bedroom
- At least 10% below market rate rent for comparable units
 - For competitive funding sources: 20% or more below





Setting Rents Cont.

Projects with Multiple Funding Sources Must:

- Meet the affordability requirement of each funding source
- Meet the most stringent requirement, if requirements overlap

● Case Study: Stoddard West Apartments



In Partnership with the Gasser Foundation,
and the City and County of Napa

Stoddard West Apartments

345 Gasser Drive
Napa, CA 94559

50 units at or below 30-60% AMI



Stoddard West Apartments



Burbank Housing signed agreement with the Gasser Foundation in 2017.

Project was approved and funded within 2.5 years using 9% tax credits.





Noteworthy Aspects :

12 FUNDING SOURCES

- CDBG
- 9% tax credit allocation from TCAC
- Gasser Foundation
- City of Napa
- County of Napa
- Tipping Point
- Napa Valley Community Foundation
- Napa Valley Vintners
- Louis and Evalyn Trinchero
- Wells Fargo Bank
- Century Housing Foundation
- Wells Fargo Affordable Housing Community Development Corporation

◉ **Noteworthy Aspects Cont.**

Project Completed in 2.5 years

After signing the agreement with the Gasser Foundation in 2017, the project was funded, approved and completed by September 2019 - just 2.5 years later.

