



HOUSING TAX CREDITS

**GOVERNOR'S HEALTH CARE ECONOMIC
DEVELOPMENT SUMMIT
ECONOMIC DEVELOPMENT MAGNIFIER**

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HOUSING UNDER DEVELOPMENT WITH TAX CREDITS INSIDE HEALTH CARE ZONES

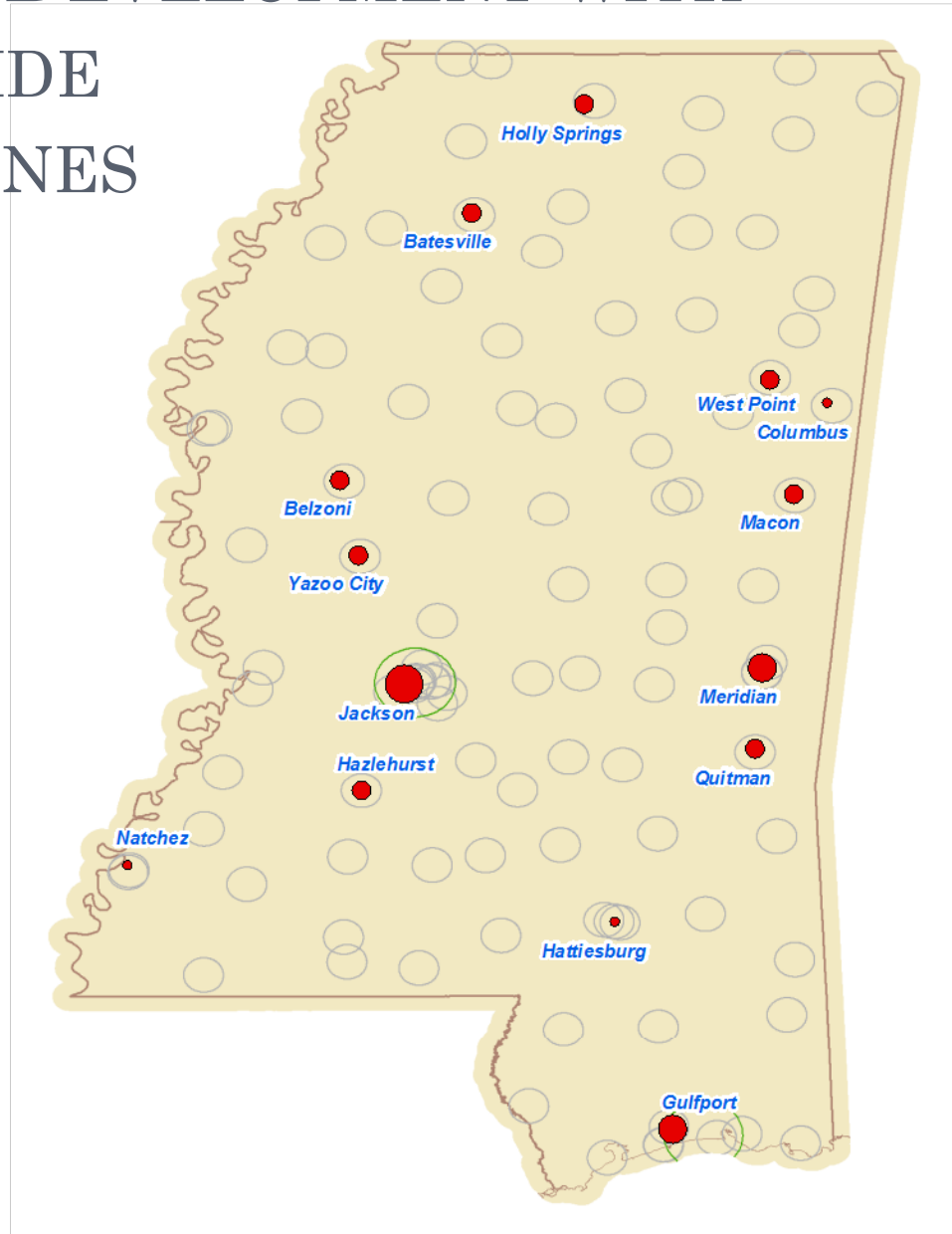
Statewide:
19 Developments
1,004 units
\$131 million investment

Construction
524 jobs
\$17.3 million wages

Investment in Housing

- Under \$3.4 M
- \$3.4 - \$10.6 M
- \$10.6 - \$15.5 M
- \$26.7 M

- VA Hospital Zone
- Hospital Zone



HOUSING TAX CREDIT DEVELOPMENT HELPS LOCAL ECONOMIES

Community	Units	Jobs	Construction Wages	Development Investment
Batesville	102	110	\$3,625,029	\$10,585,906
Belzoni	40	19	\$630,785	\$7,549,190
Columbus	24	26	\$852,948	\$3,321,204
Gulfport	80	86	\$2,843,160	\$13,371,106
Hattiesburg	24	26	\$852,948	\$3,373,117
Hazlehurst	35	17	\$551,937	\$6,583,342
Holly Springs	56	60	\$1,990,212	\$8,432,331
Jackson	160	172	\$5,686,320	\$26,408,883
Macon	62	67	\$2,203,449	\$8,012,164
Meridian	170	183	\$6,041,715	\$15,511,979
Natchez	24	26	\$852,948	\$3,354,316
Quitman	69	74	\$2,452,226	\$8,497,786
West Point	72	77	\$2,558,844	\$7,960,719
Yazoo City	86	92	\$3,056,397	\$8,039,603
Grand Total	1,004	1,034	\$34,198,917	\$131,001,646



HOUSING TAX CREDIT

RENTAL HOUSING

INCOMES BELOW 60% OF AREA MEDIAN

- A credit or reduction in tax liability each year for 10 years for owners and investors in affordable-income rental housing
- Based on the costs of development and the number of units rented to income eligible households
- Approximately 4 percent for acquisition costs and 9 percent for rehabilitation and new construction costs of qualified affordable-income units
- Annual credit amount is the credit rate multiplied by average eligible costs for the number of income restricted units.
- Eligible costs exclude value of federal grants used and value of non-depreciable assets, e.g. land



PROGRAM REQUIREMENTS~

- **Uses:** New Construction
 - Rehabilitation
 - Acquisition and Rehabilitation

- **Low-Income Occupancy**
Developments must set aside either:
 - 20% of units for tenants with incomes at or below 50% of the area median income
 - 40% of units for tenants with incomes at or below 60% of the area median income

- **Affordability Requirements**
 - Must remain affordable for 30 years
 - Owner must sign and record a Declaration of Land Use Restrictive Agreement (LURA)



PRIORITIES

- Reward points for Rehabilitation – not just new construction
- USDA Section 515 – supported acquisition / rehab of properties with HTC and \$2m loan fund from USDA
- Monitoring – 15 year minimum compliance period for IRS, most are 40 year affordability period
- MHC and Investors monitor properties for occupancy, quality, compliance, and maintenance



HOW DOES IT WORK?

- Developer receives an award of tax credits
- Developer sells the credits to an investor to raise capital (equity) for their development
- Developer uses the equity to help with the cost to build development
- Developers borrow less money and pass through the savings in lower rents for low-income tenants.



For Example~

The cost to build a 100-unit apartment complex will cost Jack Developer \$8,000,000.

Jack is awarded \$750,000 in tax credits. Jack intends to sell the tax credits to Jill Investor for .70 cents per dollar.

Development Cost:	\$8,000,000
Equity from sell of Tax Credits: (\$750,000 x 10 x .70)	\$5,250,000
Bank Loan:	\$2,750,000



Application Review Process~

- 1. Scoring**
- 2. Threshold Review**
- 3. Underwriting**
- 4. Awards**



Developer Incentives~

- **Credits provide equity source of funding that is not repaid**
- **Credits available annually over 10 year period**
- **Reduction in federal tax liability for owners/ investors**
- **Developers receive a developers' fee for program participation**



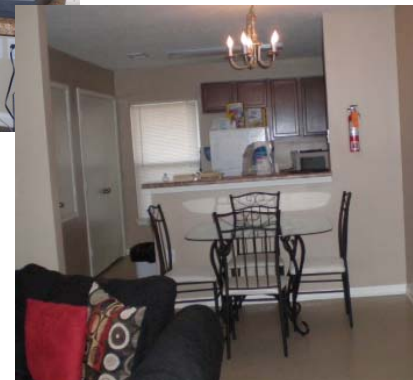
PARKWAY PLACE GREENWOOD

- Single Family – Detached
- New Construction
- 65 units
- Placed in Service:10/29/08
- Amenities: Community Building, Washer/Dryer in each unit, On-site Business Center, Swimming Pool, Playground
- Services: Nutrition Classes, Child & Family Development Classes



HALLMARK GARDENS JACKSON

- Construction Type:
Acquisition / Rehabilitation
- Number of Units: 96
- Location: Jackson (Hinds County)
- Placed in Service Date: 09/15/09
- Amenities: Furnished Clubhouse,
Washers / Dryers, On-site Business
Center, Swimming Pool, Playground
- Services: Neighborhood Crime
Watch, Health & Wellness, Drug &
Alcohol Prevention, Budget & Financial
Classes, Family Counseling Services



DUPLEXES, APARTMENTS, SINGLE FAMILY

- Rosedale Estates Apts.,
Rosedale



- Pinecrest Manor,
Waveland



BAYSIDE VILLAGE PASCAGOULA

- Construction Type: Acquisition / Rehabilitation (converted old high school into an Elderly Development)
- Number of Units: 57
- Placed in Service Date: 12/31/11
- Amenities: Resident Gardens, Landscaped Courtyard, Gazebo with sitting area, Ceiling fans in living areas and bedrooms, Communal Dining/Activities Room, Washers & Dryers in individual units
- Services: An accessible physical environment, Congregate dining facilities, Social and recreational programs, Emergency or preventative health care or programs, Information and counseling, Recreational services



ACQUISITION / REHABILITATION

- Jackson

