

A GUIDE TO UNDERSTANDING THE HOUSING TAX CREDIT PROGRAM



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FORWARD AND DISCLAIMER

The information contained in “A Guide to Understanding the Housing Tax Credit Program” is provided by the Mississippi Home Corporation (the “Corporation”) for use by persons in the State of Mississippi who are interested in developing developments which may qualify for Housing Tax Credits (“Tax Credits”, or the “Tax Credit Program”). This Guide should assist those persons in developing a basic understanding of the Tax Credit Program as contained in Section 42, as amended, of the Internal Revenue Code (the “Code”) and the allocation process of the Corporation for Housing Tax Credits. Additional information is contained herein concerning occupancy and rent restrictions that are required as amended by Section 42 of the Internal Revenue Code, by the Internal Revenue Service, and by the Corporation in order to satisfy use requirements.

This Guide is provided as a service to the reader and should not be relied upon as legal or tax advice. The reader should consult counsel or a tax professional for answers to questions concerning any issues or any items discussed within this Guide.

This is a Guide for informational purposes only, and in no way alters, varies, modifies, or changes any executed legal documents such as the Reservation, Commitment, Extended Use Agreement, Carryover Agreement, or the Tax Credit Allocation Certification (IRS Form 8609).

Because laws governing the Housing Tax Credit Program are frequently amended, the reader may request from the Corporation updates or additional information pertaining to Tax Credit requirements.

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SECTION I

HOUSING TAX CREDIT INTRODUCTION

The Housing Tax Credit Program was created by Congress as part of the Tax Reform Act of 1986 (Section 42 of the Internal Revenue Code) (the "Code") to encourage the construction and rehabilitation of low to moderate income rental housing. The Tax Credit is now the principal federal subsidy - contained within the tax law - for acquisition, construction, and substantial rehabilitation of affordable rental housing.

The Treasury Department is responsible for the actual administration of the program nationwide. The Mississippi Home Corporation (MHC) has been designated by the Governor to allocate the Tax Credits in the State of Mississippi.

Tax Credits are allocated annually to each state by the federal government based on a per capita formula. These Tax Credits are then awarded to developments which best meet Mississippi's housing needs. The criteria for development selection is defined within the State's Qualified Allocation Plan (QAP). Analytical procedures are used to determine the amount of Tax Credits to be awarded in order to make the development financially feasible.

The Tax Credits provide a dollar-for-dollar reduction in the owner's tax liability. Over the ten year period during which the Tax Credit is taken, the owner may receive a Tax Credit equaling up to 70% of the costs incurred for the construction or rehabilitation of the rental units. Generally, the value of a Tax Credit dollar is worth a dollar to the taxpaying entity. However, the use of Tax Credits by individuals can be limited by the application of passive loss rules and alternative minimum taxes.

In return for these valuable Tax Credits, the Department of Treasury requires assurances that these units are meeting the housing needs of low to moderate income households, which is the goal of the program. In order to guarantee that certain restrictions and guidelines apply, property managers should be familiar with the following income restrictions:

According to the Code, either 20% of the units in the development must be occupied by households which earn 50% or less of the area median gross income (adjusted for family size), or 40% of the households must earn 60% or less of the area median gross income (adjusted for family size).

Developers who receive Tax Credits often raise capital for their developments by selling the Tax Credits to limited partner investors. For investors to claim the Tax Credits, a minimum percentage of units in the development must remain affordable for at least 15 years. Either 20% of the units in a development are leased to occupants at or below 50% of the area median income, or 40% of the units are leased to occupants with gross incomes at or below 60% of the area median income. Area median incomes are defined by HUD on an annual basis.

Although Section 42 established a minimum occupancy percentage of affordable rental units. Tax Credit developments in Mississippi are 100% affordable. This higher than required occupancy percentage occurs because of the difficulty found in most markets of mixing affordable income and market rate tenants. Another advantage to higher occupancy by affordable income tenants is the increase in the percentage of Tax Credits eligible to be utilized. The percentage of affordable units to total number of units is equal to the percentage of the Tax Credits available for use in that tax period.

Qualified affordable units must also be rent restricted. The maximum rental rate including utility allowance cannot exceed 30% of the maximum income for an imputed household size. For developments receiving Tax Credit allocations for 1990 and subsequent years, the maximum rents are determined by the number of bedrooms within the unit regardless of the number of persons residing within the household. Rents are tied to these income limits and restricted to insure their affordability to targeted tenants. Additional information on the calculation of rent and income limits is discussed in Section V of this Guide.

SECTION II

30% and 70% Present Value: How does present value work?

The maximum Tax Credit allowed is the amount (as calculated by using current interest rates) to be taken annually for 10 years, which is the present value equivalent of either 30% or 70% of the qualified basis.

The 30% present value is the equivalent of 4% per year and is often referred to as the 4% Tax Credit, whereas the 70% present value is 9% per year and is referred to as the 9% Tax Credit. Each month the IRS recalculates the annual rate and publishes new rates for that month's determinations based on the date: (a) the building is placed in service, or (b) there is a commitment for the Tax Credit allocation.

IV. *Determining Exact Tax Credit Percentages*

- A.** The 9% and 4% amounts are approximate figures. The Department of Treasury publishes the exact Tax Credit percentages each month. For example, the month of August 2001, the actual rates for the 4% and 9% Tax Credits were 3.54% and 8.25%; Tax Credits in those amounts would be taken in each of the 10 years for which the Tax Credit is available.
- B.** Generally, the development's Tax Credit percentage is determined in the month the development is placed in service.
- C.** However, the owner can elect to use the Tax Credit percentage determined in the month the owner and state credit agency enter into a binding agreement to allocate Tax Credits to the building.

SECTION III

4 % Tax Credit or a 9 % Tax Credit: Types of Tax Credits Available

I. ***The 9% Tax Credit for a New Building or Substantial Rehabilitation without a “federal subsidy”.*** In general, the 9% Tax Credit for substantial rehabilitation costs is available whether the owner recently acquired the building and provided substantial rehabilitation, or has held the building for a number of years.

A. **New Building** The Tax Credit is calculated as 9% of the “qualified basis” of the building, which is the fractional portion of the building occupied by low income tenants, multiplied by the building’s cost (excluding land).

Example: If a new building costs \$500,000 (excluding land) and is completely occupied by low income tenants, the building is eligible for up to \$45,000 ($\$500,000 \times 9\%$) of annual Tax Credits, which equals \$450,000 of Tax Credits over 10 years.

B. **Substantial Rehabilitation Expenditures.** For a building to be substantially rehabilitated, the expenditures during a 24-month period must be at least the greater of:

- (a) 10% of the original basis of the building, determined as of the first day of the 24 month period, or
- (b) an average of \$6,000 per housing unit.

Example: Developer X purchases a 20 unit building for \$600,000, of which \$100,000 is land costs and \$500,000 is building costs. For rehabilitation expenditures to be substantial, Developer X must incur the greater of \$50,000 (10% of \$500,000) or \$60,000 ($\$3,000 \times 20$). In total rehabilitation expenditures, the development will be eligible for \$45,000 annually with respect to 9% Tax Credit ($9\% \times \$500,000$), and \$4,000 annually with respect to 4% Tax Credit ($4\% \times \$100,000$) assuming the building meets the other low income housing requirements.

II. *The 4% Tax Credit for Federally Subsidized New Buildings and Substantial Rehabilitation*

- A.** The cost of a new building or substantial rehabilitation completed with a federal subsidy is eligible for the 4% Tax Credit. A building is federally subsidized if the construction or rehabilitation is financed, directly or indirectly, from the proceeds of tax exempt bonds or a federal loan with a below market interest rate.
- B.** Under a special rule, developments funded by HUD Community Development Block Grant funds are not federally subsidized and therefore are eligible for the 9% Tax Credit.

III. *The 4% Tax Credit for Cost of an Existing Building*

- A.** The building must be substantially rehabilitated in order to qualify for the 4% Tax Credit.

Example: The taxpayer buys an existing building for \$130,000 (of which \$30,000 is attributed to the land), and incurs rehabilitation costs of \$500,000. Assuming it is not “federally subsidized”, the 9% Tax Credit is available for the rehabilitation costs and the 4% Tax Credit is available for the building acquisition costs. The development would be eligible for an annual Tax Credit amount up to \$49,000 (\$45,000 [9% * \$500,000], plus \$4,000 [4% * \$100,000])

- B.** To qualify for the 4% Tax Credit for the acquisition of an existing building the building must meet the *10 Year Rule*, one of its exceptions, or receive a waiver from the IRS.
 - 1. The *10 Year Rule* requires that a minimum of 10 years must have elapsed between the date the owner acquires the building and the date the building was last placed in service.
 - 2. There are four (4) situations where the transfer of a building will not be treated as a new placement in service:

- a. Acquisition by gift or like kind of exchange.
- b. Acquisition by devise or inheritance.
- c. Acquisition by a government unit or a nonprofit organization.
- d. Acquisition under certain foreclosure situations.

C. However, these special situations do not avoid the basis requirement of the *10 Year Rule*.

Example: If a building was first placed in service in 1970, and was transferred by gift in 1985, the building can be purchased in 1990 as an existing building and qualify for the acquisition Tax Credits because the transfer by gift is not treated as a new placement in service. However, if the building was first placed in service 7 years ago and then transferred by gift, the building must be held an additional 3 years before it qualifies under the *10 Year Rule*.

D. Owner occupied single family dwelling units can be exempted from the *10 Year Rule* if the units have no use other than as a principal residence for the owner or owners for the 10 year period prior to its acquisition.

E. The IRS may grant a waiver in certain situations:

- a. Acquisition from a defaulting insured depository institution.
- b. Receipt by IRS of letter from either HUD or Rural Development that federal mortgage funds are at risk, or a claim against the federal mortgage may be made (however, actual foreclosure by HUD or Rural Development is not eligible for a waiver).

SECTION IV

“Eligible Basis” and “Qualified Basis”

Eligible basis is defined as, development costs other than the cost of the land and other non-depreciable soft costs; for the rehabilitation Tax Credit, this includes rehabilitation costs incurred over a 24-month period, plus those incurred to the end of that year.

Qualified basis relates eligible basis to the restricted occupancy by multiplying the eligible basis by the fraction of the development which is occupied by income restricted tenants (the lesser of the fraction based on number of units or square feet per unit). It is the qualified basis to which the Tax Credit percentage is applied to determine the amount of the Tax Credits.

I. *Eligible Basis*

A. Eligible basis for a new building is:

The cost of construction determined at the end of the first year of the Tax credit period. This allows developers to include in the eligible basis, costs which are incurred after the building's placed in service date (receipt of certificates of occupancy), such as landscaping or common areas.

B. Eligible basis for a substantial rehabilitated building is:

The sum of all rehabilitation costs aggregated over 24 months.

C. Eligible basis for an existing building(s) is:

The cost of acquiring the building.

D. In addition, there are special transfer rules which apply when a building is transferred to a new owner. This may occur before or after the building is completed or substantially rehabilitated.

E. Federal Grants Reduce Eligible Basis

1. Eligible basis cannot include the amount of a federal, state or local grant to the partnership.
2. A loan from the state or local government or nonprofit organization that was originally funded by a federal grant is not considered to be a federal grant, and the loan will not be considered “federally subsidized” provided that the loan has an interest rate at least equal to the applicable federal rate.

F. High Cost Areas

Eligible basis may be increased up to 30% by the state credit agency for new buildings located in a designated “difficult development area” or designated “qualified census tract”.

1. A difficult development area is an area designated by HUD on an annual basis as an area that has high construction, land, or utility costs relative to area median gross income.
2. A qualified census tract is a census tract designated by HUD in which at least 50% of the households have an income that is 60% or less of area median income.

G. Restricted Rent Occupancy Percentage

The restricted rent occupancy percentage is the lesser of the number of restricted income units to all residential rental units in the building, or the total floor space in the restricted income units to the total floor space of all residential rental units in the building.

II. *Qualified Basis.*

The “qualified basis” of a building is the portion of the eligible basis attributable to restricted income rental units. By multiplying this number with the Tax Credit rate available, one can determine the maximum amount of Tax Credits that a building can possibly generate.

SECTION V

Minimum Eligibility Requirements for Tenants and Housing

I. *The “Set-Aside” Test*

There is a one-time, irrevocable development set-aside election of either the “20-50 test” or the “40-60 test”. The first number refers to the percent of tenants (20 or 40) whose income is at or below the second percentage (50 or 60) of the area median gross income (adjusted for family size). To be counted as a restricted rent income unit, it must be both restricted as to the rent payable (including utilities and adjustments for apartment size) and actually occupied (with certain exceptions for vacant units and tenants whose income has increased since qualifying) by restricted income tenants.

- A.** A minimum amount of units must be rented by restricted income tenants (in a targeted income group - either 50% or 60% of area median income)

- B.** Generally, this requires a development set-aside of either:
 - 1. 20% or more of the residential units must be rented to tenants with incomes of 50% or less of area median income (20-50 test), or
 - 2. 40% or more of the residential units must be rented to tenants with incomes of 60% or less of area median income (the 40-60 test).
 - 3. There is also a deep rent skewing set-a-side for developments that significantly restrict the rents on the restricted income units relative to the other residential units.

One of the above set-aside tests (20-50, 40-60, or deep rent skewing) must be met by the end of the first year of the building’s Tax Credit period.

A Tax Credit period begins with the first year in which Tax Credits are claimed. This year will be either the year in which the building is placed in service, or at the owner's election, the following year.

Example: If an owner elects to meet the 40-60 set-aside test and the building was placed in service on May 15, 2001, the building must have 40% of its units rented to qualifying tenants (tenants whose income levels are at or below 60% of area median income, as adjusted for family size) by December 31, 2001, assuming the owner is a calendar year taxpayer, unless the owner elects to defer the Tax Credit period, which would extend the period for meeting the set-aside test until December 31, 2002.

II. *Area Median Gross Income*

The median income figures are those published by HUD each year for 80% and 50% of area median income. To obtain the 60% area median income numbers, multiply the 50% information by 1.2.

III. *Determining a Tenant's Income*

- A.** A tenant's income must be calculated in a manner consistent with the methods used under HUD's Section 8 program. Thus, a tenant's income is not necessarily identical to a tenant's income for federal income tax purposes.
- B.** The annual income of an individual or family is the anticipated total annual income for the certification year. If this anticipated income is reasonable, the tenant will qualify even if actual income for the year is higher.

V. *Increases in Tenant Income*

- A.** A tenant's income can increase up to 140% of qualifying income in a given year without jeopardizing the tenant's qualified status. However, if a tenant's income increases above 140% of qualifying income, the tenant becomes a non-qualified tenant, and the next available unit of comparable size must be rented to a qualified tenant in order for the unit to remain a restricted income unit. Thus, it is not necessary to evict a tenant to preserve restricted income status.
- B.** A tenant's income may increase above 140% either because its income increases, or because family status changes.
- C.** If a tenant becomes a disqualified tenant and moves to another apartment, that apartment will not qualify as a restricted income apartment because the income test is redetermined.

V. *Calculating Rents for Low Income Tenants*

- A.** The rent paid for each restricted income unit cannot exceed 30% of the calculated income limit for that unit. For this rent calculation, the unit is deemed to house a certain number of people based upon the number of bedrooms in the unit. The actual family size, or the total number of occupants in a unit, is irrelevant in contrast to the calculation of a family's income for purposes of meeting the income test.
- B.** A studio apartment without a separate bedroom is deemed to house 1 person, and each bedroom of a unit is deemed to house 1.5 persons.
- C. **Example:**** Suppose that the 40-60 test is elected, and 60% of the area median gross income for a family of 3 is \$18,630. For purpose of calculating the maximum rent chargeable, a 2-bedroom unit will have a deemed family of 3 (2 bedrooms * 1.5 persons) even if the actual family size is not 3. The rent for this unit must not exceed 30% of \$18,630 or \$5,509 per year (\$465.75 per month). Remember, however, that in order to determine whether the "family"

occupying the unit is eligible, we do care about the family size and its combined income. If the family size is 3 in this case, its income may not exceed \$18,630. However, if the family size is only 2, the median gross income for a family of 2 will have to be used to determine if they are eligible, even though the maximum rent on the unit remains the same.

- D.** If utilities (other than telephone) are paid by the tenant, the rent must be reduced according to a utility allowance schedule. The owner must follow HUD, Rural Development, or local housing authority utility allowance schedules, depending on the type of building involved.

- E.** Although the Tax Credit is taken over 10 years, the restricted income restrictions are generally applicable for 30 years from the time the building is placed in service, or for a longer extended use period established in an extended use agreement of the state allocating agency. The Internal Revenue Code provides for partial recapture of Tax Credits for violations occurring within the first 15 years and there are provisions under which the restrictions may be avoided thereafter.

SECTION VI

Special Rules

I. *Residential Rental Property*

- A.** In order for a development to qualify as a tax credit development, it must be classified as residential rental property.
 - 1. It must be used other than on a transient basis.
 - 2. It must be rented or available for rent on a continuous basis.
 - 3. It must be available to members of the general public.
 - 4. It must be suitable for occupancy.
- B.** Facilities providing continual nursing, medical or psychiatric care will not be considered residential rental units.

II. *Owner-occupied Buildings*

- A.** Owner occupied buildings with four (4) or fewer units are eligible for the Tax Credit if the acquisition or rehabilitation is pursuant to a development plan sponsored by a nonprofit organization. If a building qualifies for Tax Credits under this rule, the restricted income occupancy percentage cannot exceed 80% of the number of restricted income units to all residential units in the building.

SECTION VII

Using the Tax Credit

I. Individuals

Individual taxpayers may use the Tax Credit deduction to an equivalent of up to \$25,000 (\$9,500 of Tax Credits at a 35% tax rate) to offset regular tax (exclusive of alternative minimum tax liability). The taxpayer does not have to actively participate in management to use the Tax Credit, thus Limited Partnership interest work.

II. Corporations

Corporate taxpayers, other than Subchapter S Corporations and Personal Service Corporations, may use the Tax Credit to offset regular income tax on active or passive income. If 50% or more of the corporation's stock is owned by five or fewer shareholders, the Tax Credit may not be used to offset portfolio income such as interest and dividends.

SECTION VIII

The Role of Mississippi Home Corporation in Allocating the Housing Tax Credits

The Mississippi Home Corporation has been designated by the Governor of the State of Mississippi as the Tax Credit allocating agency in Mississippi. The allocating agency plays three distinct roles in the Tax Credit Program:

1. MHC allocates the state's scarce allotment of Tax Credits among those developments which are approved. *(Developments with more than 50 % of the eligible basis financed with tax-exempt bonds need not receive an allocation, but must meet similar tests plus the other requirements and limitations for tax-exempt financing.)*
2. MHC is responsible for determining development feasibility for Tax Credit purposes and assuring that no more Tax Credit is allocated to a development than is necessary to achieve feasibility and long-term viability.
3. MHC is responsible for monitoring compliance of the development over the period during which it is subject to the restricted income restrictions.

I. Allocation

An allocating agency may only allocate Tax Credits pursuant to a Qualified Allocation Plan (QAP). A QAP is subject to public hearing requirements and must set forth selection criteria, give preference to developments which will serve the lowest income tenants, will serve qualified tenants for the longest period of time, and will provide for Compliance Monitoring (effective January 1, 1992) with the requirements for the Tax Credit and for reporting any non-compliances to the IRS. Among the selection criteria which the allocation plan must include are:

- (i) Development location
- (ii) Housing need characteristics
- (iii) Development characteristics

- (iv) Sponsor characteristics
- (v) Located in a qualified census tract and contributes to a concerted revitalization plan
- (vi) Tenant populations with special housing needs
- (vii) Public housing waiting lists

II. *Feasibility Determination*

The amount of Tax Credits allocated to a development may not exceed the amount that the allocating agency determines is necessary for financial feasibility. In making the determination, the allocating agency must consider:

- (i) The sources and uses of funds and the total financing planned for the development.
- (ii) Any proceeds or receipts expected to be generated by reason of tax benefits.
- (iii) The percentage of the housing Tax Credit dollar amount used for development costs other than the cost of intermediaries.

Several steps are followed in making this determination:

- A.** The initial step in the process is a series of evaluations designed to test the reasonableness of certain components of development costs and evaluating income and expense projections.
 - 1. Where the development is receiving other federal subsidies (i.e., HUD or Rural Development), there must be coordination with the other agency's feasibility guidelines.
 - 2. Determining the equity gap involves calculating the difference between total development costs for a development, total debt (including conventional loans and development subsidies in the form of subordinated debt or grants) and contributions from the general partner (i.e., money put back into the development).

- B.** Secondly, the development's projected qualified basis is determined and the maximum Tax Credits allowed are calculated.
- C.** Finally, the feasibility of raising the required equity is determined, which involves comparing the development's pricing of the Tax Credit with market price.

III. *Monitoring*

Effective January 1, 1992, the Corporation's qualified allocation plan must provide a procedure that the agency (or and agent or other private contractor of such agency) will follow in monitoring for non-compliance with the provisions of the Tax Credit, and in notifying the Internal Revenue Service of instances of noncompliance. The monitoring procedure provides specified requirements for record-keeping, certification of compliance, auditing, and notification of non-compliance. On-site physical inspections must be conducted for all buildings placed in service in a development after January 1, 2001 by the end of the second calendar year following the year the last building in the development is placed in service.

A. Record-keeping

A tax credit owner must keep and retain for at least six years beyond the end of the 15-year compliance period records on the number of units in the building, the percentage that are low income, the rent charge on each, low-income vacancies, rentals of next available units, income certification with supporting documentation for each low income tenant, and character and use of the non-residential portion of the building included in the eligible basis.

B. Certification

Unless a building is subject to another set of monitoring procedures (such as the Rural Development Section 515 program), a tax credit development owner must certify annually during the 15-year compliance period to the allocating agency that:

- the development meets the minimum set aside election test (the 0/50 test, the 40/60 test or the 25/60 test, under sections 42(g)(4) and the 15/40 test),

- the development has received an annual low-income certification and documentation for each low-income tenant,
- each tax credit unit is rent-restricted,
- all units are for use by the general public on a non-transient basis (an original lease term of a full six months or longer) and each building is suitable for occupancy,
- reasonable attempts will be made to rent any vacant low income units and no comparably sized or smaller units will be rented to non-tax credit residents while the vacancy exists,
- if the income of residents in a tax credit unit increases sufficiently, the next available comparable or smaller unit will be rented to low-income residents, and
- there has been no change in eligible basis and all resident families included in eligible basis are available to all residents without charge,
- the state or local unit responsible for making building code inspection did not issue a violation for the development. If the governmental unit issued a report of a violation, the owner is required to attach a copy of the report of the violation to the annual certification submitted to the Corporation. The owner must state on the certification whether the violation has been corrected. Retention of the original violation report is not required once the Corporation reviews the violation and completes its inspection, unless the violation remains uncorrected,
- the owner has not refused to lease a unit in the development to a Section 8 applicant because the applicant holds a Section 8 voucher or certificate,
- no finding of discrimination under the Fair Housing Act has occurred for the development (a finding of discrimination includes an adverse final decision by HUD, an adverse final decision by a substantially equivalent state or local fair housing agency, or and adverse judgment from a federal court).

Beyond requiring the annual certifications, on-site inspections are required at least once every three(3) years for all buildings in each tax credit development.

C. Auditing

The Corporation must have the right to audit the development at least through the end of the 15-year compliance period.

D. Notification of Non-compliance

The Corporation is required to give notice to the tax credit owner if it does not receive the certification or if it becomes aware of non-compliance with any of the tax credit requirements. A correction period up to 90 days (extendable for up to six months for good cause) may be allowed. The Corporation will notify the IRS within 45 days of the end of the correction period, whether or not the non-compliance has been corrected.

IV. *Completion of Construction and Allocation of the Tax Credit*

The general rule is that for the Tax Credit to be used, the allocation must be made for the year in which the building is placed in service. If costs are equal to 10% or greater (certified by a certified public accountant) of the reasonably expected basis of the development (including land and other acquisition costs) and have been incurred by the end of the calendar year of the allocation, then the development qualifies for a carry-over allocation which allows the development to be placed in service by the end of the second calendar year after the allocation.

SECTION IX

Reference Materials on the Subject?

While the information contained in this document is a very broad-brush coverage of the Housing Tax Credit Program, a number of the exceptions and details of necessity have been omitted. The best place to start in understanding the operation of the Tax Credit Program is section 42 of the Internal Revenue Code, which is the statutory framework. In addition to the usual tax reference works, there are separate ones dealing solely with the Tax Credit. Among those are:

1. **A Developer's Guide to the Low Income Housing Tax Credit**, by Herbert Stevens and Thomas Tracy, 1995, NCSHA.
2. **Tax Credits for Low Income Housing**, by Joseph Guggenheim, 1995, Simon Publications.
3. **Low-Income Housing Tax Credit Handbook**, by Michael J. Novogradac and Eric J. Fortenbach, 1995, Clark Boardman Company.