

Low Income Housing Tax Credit (LIHTC) Subject Guide

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Introduction

The LIHTC Program, which is based on Section 42 of the Internal Revenue Code, was enacted by Congress in 1986 to provide the private market with an incentive to invest in affordable rental housing. Federal housing tax credits are awarded to developers of qualified projects. Developers then sell these credits to investors to raise capital (or equity) for their projects, which reduces the debt that the developer would otherwise have to borrow. Because the debt is lower, a tax credit property can in turn offer lower, more affordable rents. Provided the property maintains compliance with the program requirements, investors receive a dollar-for-dollar credit against their Federal tax liability each year over a period of 10 years. The amount of the annual credit is based on the amount invested in the affordable housing. (From HUD.gov, LIHTC Basics)

Articles & Books in the LibraryLink Catalog

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Appraising low-income housing tax credit real estate, by Kenneth N. Alford & David C. Wellsandt. *The Appraisal Journal*, Fall 2010, 78 (4), 350-359.

Appraising the assets of low-income housing tax credit properties, by George E. Jordan. *The Appraisal Journal*, January 1999, 67 (1), 41-46.

Assessing the value of affordability : Ad valorem taxation of properties participating in the low income housing tax credit program, by Joseph Rosenblum. *John Marshall Law School Fair & Affordable Housing Commentary*, 2006, 2 (1).

Assessment issues in the valuation of subsidized housing, by Richard E. Polton. *Assessment Journal*, November/December 1996, 3 (6), 40-49.

Fundamentals of the low income housing tax credit program, by Richard E. Polton. *The Appraisal Journal*, Winter 2005, 73 (1), 39-46.

Misconceptions associated with low income housing tax credit (LIHTC) valuations, by Ronnie J. Hawkins. *The Appraisal Journal*, October 2001, 69 (4), 388-393.

New proposal for low-income multifamily housing valuation, by Scott T. Sampson. *Journal of Property Tax Assessment & Administration*, 2009, 6 (3), 51-65.

On appraisals involving affordable housing, by Adam Dickinson. *Canadian Property Valuation*, 2017, 61 (2), 38-40.

Property taxation of multifamily housing: An empirical analysis of vertical and horizontal equity and assessment methods, by G.C. Cornia & B.A. Slade. *Journal of Real Estate Research*, May/June 2005, 21 (1), 17-46.

Square peg, round hole: The difficulty in valuing Section 42 low income housing tax credit properties for ad valorem tax purposes, by Wayne A. Tenenbaum. *Fair & Equitable*, May 2003, 1 (5), 10-13.

Understanding the dynamics V: Housing tax credit investment performance, by Ernst & Young LLP, Cleveland, OH, 2010.

Valuing affordable housing: a new challenge for assessors, by Maria Rizzetto and Jessica Zgobis. *Journal of Property Tax Assessment & Administration*, 2007, 4 (4), 51-86.

Valuation and market studies for affordable housing, by Richard E. Polton. Chicago: Appraisal Institute, 2005.

Valuation of affordable housing with tax credits, by Donald P. Guarino. *The Appraisal Journal*, October 2000, 68 (4), 406-410.

Valuation of federally subsidized housing: Ten questions for the property tax, by Joan Youngman. Cambridge: Lincoln Institute of Land Policy, 2011.

Valuation of property financed with no- and low-cost capital, by Gaylord A. Wood, Jr. Presentation at the IAAO Special Topics Seminar, June 2009, 18 pages.

Valuation of subsidized housing as applied to assessment criteria, by Martin A. Skolnik. Presentation at the 63rd Annual International Conference on Assessment Administration, International Association of Assessing Officers, 1997, 224-233.

Valuation of subsidized housing, by Thomas A. Jaconetty, Kansas City, MO: International Association of Assessing Officers, 2003. This book covers policy perspectives, legal approaches to valuation, and appraisal & assessment challenges. It can be borrowed by IAAO members from the library or purchased in the IAAO [marketplace](#).

Valuation of Texas LIHTC apartments restricted by land use restriction agreements, by Patrick C. O'Connor, *The Appraisal Journal*, Winter 2005, 73 (1), 47-55.

What we know about LIHTCs, by U.S. Department of Housing and Urban Development. *ResearchWorks*, June 2008, 5 (6), 6-7.

Online Reports & Articles

[Assessing property value impacts of dispersed housing subsidy programs: final report](#), by the United States Department of Housing and Urban Development, May 1999.

[Assessing the value of low-income housing for property tax purposes: whether and how to consider the value of low-income housing tax credits](#), by the Tennessee Advisory Commission on Intergovernmental Relations, 2015.

[Compilation of basic laws on housing and community development within the jurisdiction of the Committee on Financial Services](#), by the United States House of Representatives, March 2003.

[Factors to be considered in determining the just value of property acquired, rehabilitated or constructed pursuant to federal laws related to affordable housing](#), by the Joint Standing Committee on Taxation, Department of Administrative and Financial Services, Main Revenue Services, January 2007.

[Low income housing tax credit \(LIHTC\) overview](#), YouTube video by Novogradac Certified Public Accountants, April 1, 2010 (7 minutes).

[Low income housing tax credits: Affordable housing investment opportunities for Banks](#), by the U.S. Department of the Treasury, February 2008.

[New Orleans affordable housing case study](#) by the National Association of Realtors and the University of New Orleans, September 9, 2002.

[Rethinking year 15: what determines the terminal valuation of LIHTC financed transactions?](#) (2013) by Jacob B. von Trapp. Massachusetts Institute of Technology master's thesis.

[A study of the relationship between affordable family rental housing and home values in the Twin Cities](#), by the Family Housing Fund of Minneapolis, Minnesota, September 2000.

[Tennessee's low income housing tax credit program](#), by Laura Swanson. Tennessee Housing Development Agency, 2015.

[There doesn't go the neighborhood: low-income housing has no impact on nearby home values](#), by Cheryl Young, Trulia's Blog, November 16, 2016.

[United State Code, Title 26 Internal Revenue Service, Section 42 Low Income Housing Tax Credit](#), by United States Code Online via GPO Access, January 3, 2007.

[What happens to LIHTC properties after affordability requirements expire?](#) By the United States Department of Housing and Urban Development, August 2012.

[Wisconsin Supreme Court clarifies required assessment methodology for section 42 housing](#), by Eric J. Hatchell. *The National Law Review*, January 30, 2017.

Websites

[Affordable Housing Ordinances/Flexible Provisions](#) by Municipal Research and Services Center of Washington, October 2016. The website provides a list of ordinances from local municipalities that have adopted codes to increase the affordable housing supply. The site has 64 links, separated into 10 categories, that provide examples of housing incentives and methods of reducing regulatory barriers to housing development. The categories include inclusionary housing, density bonuses, fee waivers, tax exemptions, preapproved plans for streamlined approval, regulatory barriers, rehabilitation, and maintenance.

Affordable Housing Resource Center by Novogradac Certified Public Accountants. This site includes [court rulings](#) on property tax assessment cases, and [current state tax credit](#) information for all states included estimated available credits and credit periods. And a listing of local state tax credit allocating [agencies](#).

[Field Guide to Effects of Low-Income Housing on Property Values](#) by the National Association of Realtors, March 2011. A bibliography of articles, videos, online reports, and web sites that address the effect of LIHTC properties on surrounding property values.

[LIHTC HUD User Database](#) This system allows selective access to data from HUD's Low Income Housing Tax Credit Database and includes project address, number of units and low-income units, number of bedrooms, year the tax credit was allocated, year the project was placed in service, type of tax credit provided, and other sources of project financing. Data is geocoded and output is in either easy-to-read HTML tables, or a comma-delimited text file suitable for further analysis with spreadsheet, database, or statistical software.

[Public Housing Authorities Directors Association](#)- includes a listing of local housing authorities by state and web site links for state housing agencies.

[Regulatory Barriers Clearinghouse Database](#) by the United States Department of Housing and Urban Development. This site provides information on affordable housing state and local regulatory barriers and possible solutions to those barriers. Select 'Tax Policy' under topics to search state web sites, reports, articles, and ordinances/statutes.

[Valuation of Affordable Housing Properties](#), by the State of Maine, Bureau of Revenue Services, 2007. Reviews the factors that should be considered by municipal assessors when determining the just value of property acquired, rehabilitated or constructed pursuant to federal laws related to affordable housing for low-income persons and reports the results of its review.