So You Want to Be a LIHTC Developer: Introduction to Eligible Basis

Eligible basis is a foundational factor to determine the maximum amount of low-income housing tax credits (LIHTCs) generated by an affordable housing property. In this week's podcast, Michael Novogradac, CPA, and Mark Shelburne, a Novogradac housing policy consultant, discuss the fundamentals of eligible basis and the implications for properties ahead of a special six-part online course offered by Novogradac. They examine the purpose of that course series, then look at the role eligible basis plays in determining the tax credit allocation amount. After that, they look at the challenges in determining what parts of an affordable housing development are depreciable and what constitutes eligible basis, including examples of challenges faced. They wrap up by talking about opportunities to learn more about the nuances of eligible basis.

Summaries of each topic:

Transcript

Introduction

[00:00:11] **Michael Novogradac, CPA:** Hello. I'm Michael Novogradac, and this is Tax Credit Tuesday. This is the April 30, 2024, podcast. Today is another episode in our ongoing, "So You Want to Be a LIHTC Developer" series.

And if you're watching on YouTube, you can see that my guest is Mark Shelburne, a housing policy consultant at Novogradac.

Mark was my guest, our frequent listeners know, a little more than a month ago, when we talked about the many meanings of the term mixed-income when used in the context of affordable housing. Today, the topic is eligible basis. Now, eligible basis is a fundamental component in calculating the maximum amount of low-income housing tax credits that a given housing project can generate.

For low-income housing tax credit properties that are funded with 9% allocated tax credits, most often, a property cannot claim the maximum amount eligible and that's because the owner is limited by the amount of their tax credit award. However, in those situations, properties will have excess eligible basis or eligible basis cushion, and that cushion can help increase tax credits claimed in the lease-up year of a property.

As many listeners know, whatever credits aren't claimed in the lease-up year do get claimed in Year 11. But if you can accelerate more of those Year 11 credits to Year 1, you increase the present value of those tax credits and it generally will translate into higher investor equity. Now for 4% bond transactions, a property often can claim the tax credits on their maximum eligible basis, or at least everything that goes into the eligible basis will ultimately make its way to higher tax credits.

In which case, every dollar of added eligible basis could be worth 40 cents more in tax credits. And for a bond transaction that is in a difficult to develop or qualified census tract, every dollar of additional eligible basis can often translate into 52 cents of tax credits. Obviously more tax credits means more investor equity, which helps close financing gaps.

For these reasons, as may be obvious to many listeners, maximizing eligible basis is the goal of every tax credit developer. Now as we're going to discuss during today's show, the calculation of eligible basis has many, many nuances. We can't cover all of them in today's podcast, but we can provide an overview and discuss some unique situations.

In some ways, today's podcast is a preview of a series of trainings that Novogradac is offering starting this week. I'm referring to a six-part, six-week training series called the Novogradac Low-Income

Housing Tax Credit Allocation and Underwriting Basics course. Now, this won't come as a surprise. Mark, my podcast guest today, is one of the instructors.

The course runs from May 2 through June 6 and I'll note that if you register, your one-time registration fee gives you access to all six sessions. Not only that, there's more. You also have access for one year to the recordings of all six sessions. That means that even if you're listening to this podcast after the classes start on May 2, you can still register for the classes and have access to all the recordings.

The series is a great resource for anyone who's new to affordable multifamily rental housing, and it also serves as a great refresher. Now you will, if you're experienced, you won't learn as much, but I'm certain you will learn some things. I will include a link to register for this six-part series in today's show notes.

Let's get back to today's episode. Mark and I are going to discuss how eligible basis is determined. There's a series of steps and considerations. And we're also going to share some advice as to how to better maximize eligible basis, which is, as I noted earlier, a way to better maximize your tax credits.

So if you're ready, let's get started. Mark, welcome back to Tax Credit Tuesday.

[00:04:36] **Mark Shelburne:** Thank you. Glad to be back.

[00:04:37] **Michael Novogradac, CPA:** No, it's good to have you back. When we talked about mixed-income housing, I wasn't sure of how quickly you'd be back, so it's great to have you back so soon afterward.

[00:04:48] **Mark Shelburne:** Indeed. Happy to be here.

[00:04:50] **Michael Novogradac, CPA:** Now, before we get started on eligible basis, I'd ask that you remind our listeners about some of the services you provide to Novogradac clients.

[00:04:58] **Mark Shelburne:** Certainly, the most common service I provide to clients is to state housing agencies on drafting and implementing their policies. I've been doing more work with localities and I help also in North Carolina, where I used to be with the state agency, I helped people apply for resources, and also relevant to today, I provide training on the basics and some other topics.

Overview of LIHTC Basics Course

[00:05:26] **Michael Novogradac, CPA:** So speaking of the training, I mentioned in the introduction, the six-week tax credit course that you're leading starts this week, and I know you're leading all six sessions, so maybe share with our audience some of what the course will cover.

[00:05:43] **Mark Shelburne:** Yeah, so we start with the basics, the basic basics for that first of the six classes, and the second class, where I'll be joined by my co-worker, Morgan Debusk, to teach eligible basis.

So that's if you're signing up for the class, which hopefully you will, then you'll hear some of the things that you'll hear when we teach that class. Then we have one of my favorite classes after that is a live-action demonstration of how a spreadsheet works when you change things like the low-income eligibility, the low-income percentage and things like that. Then we talk about qualified allocation plans, we talk about equity investment and we conclude with a post-award, all the pitfalls and risks and issues that happen after you get your award.

[00:06:29] **Michael Novogradac, CPA:** Great, thank you. And I appreciate you leading that training. It'll be of great use to all of our clients and future clients.

So, getting to eligible basis. I mentioned earlier, and as listeners know, eligible basis is a fundamental part in calculating the maximum amounts a property low-income housing tax credits is theoretically eligible for. As noted, for 9% allocated developments, they likely won't claim their theoretical amount, but they will be able to claim more first-year credits by increasing eligible basis. And for bond-financed 4% transactions, generally developers can claim the maximum amount of credits. Now, to give our listeners a better understanding of the role of eligible basis, if you could go through and explain the four major components of the tax credit calculation, I think that would be a great place to start.

Eligible Basis Role in Tax Credits

[00:07:27] **Mark Shelburne:** Yes. And that's where I start when I teach the basics, because I consider those four components to be the fundamental premise to understand all roles. It doesn't matter if you're finding sites, if you're managing properties, you need to understand these four components, the first of which is eligible basis.

Then, the next is whether that basis gets to have a 30% boost. And there's different rules for when that kicks in. Then there's what's formally called the applicable fraction, but easier to describe and think about as the low-income occupancy percentage, and that's how many units are serving low-income tenants, again, summarizing.

And, then the last component is the tax credit rate. You multiply all these are multiplied by each other, and the last step is you multiply by 9% or 4% for the annual amount of credits.

[00:08:21] **Michael Novogradac, CPA:** So thank you for that. And I do think looking at those four is a great way to see how the math, it's just, one, it's just eligible basis times the boost if you're eligible, the 30% boost, times your low-income occupancy percentage, what portion of the property is available to low-income tenants, times the tax credit rate, 9% for new construction and renovation costs, 4% for private activity bond finance costs and acquisition costs.

And Congress had a reason behind the 30% boost. If you're in a difficult to develop area or qualified census tract, you know, you need a little more help. That was the reason for the 30% boost. Low-income occupancy percentage or applicable fraction, that's all about only subsidizing the units going to low-income and serving low-income families.

They don't want to be subsidizing units that are going or costs that are being, that are attributable to market-rate tenants. And then the tax credit rate, they wanted a higher 9% rate for new construction and rehab costs and a lower 4% rate if you're also a private activity bonds or for acquisition costs.

They also had reasoning behind the determination and the calculation of eligible basis. And I always like to understand what Congress had in mind when they're thinking about some of these definitions because it helps me remember, and then it also, as you're looking at various costs, it helps to identify, do I think Congress would have wanted this or not wanted this?

It's not that that's definitive because you have the statutory rules and regulations and the rest, but it's foundationally really helpful. So, when I think of Congress and their creation of the low-income housing tax credit back in 1986, yes, I was around then, and when they developed the low-income housing tax credit and developed the concept of eligible basis, my view is that Congress was developing a definition of eligible basis that included costs that they wanted to subsidize and would exclude costs that they did not want to provide a direct subsidy to. There's always an indirect aspect to this, but they didn't directly subsidize other costs. So if you could explain to the audience the overarching definition of eligible basis and how it attempts to satisfy this goal of Congress.

[00:10:50] **Mark Shelburne:** Yeah, well, and I completely agree, whenever I'm teaching the basics, that is something I always try to go back to is, what was Congress trying to do with this idea? Because it really helps to understand it and get your head around it. And, sometimes the is, who the heck knows what Congress is thinking? But--

[00:11:05] **Michael Novogradac, CPA:** That is true. Yes, it can be bewildering sometimes.

[00:11:12] **Mark Shelburne:** Indeed. But yes, I think you described it well as to what they wanted were the aspects of the properties that were serving the tenants, that were the buildings, the physical structures and also the economic activity, those are, that's where you're actually hammering up drywall, doing the work, and so that's what Congress is trying to achieve is to provide an incentive, a way to fund those types of costs that are helping the tenants and are providing some type of economic activity.

[00:11:47] **Michael Novogradac, CPA:** So I think that ultimately led to Congress using depreciable property as the foundation of eligible basis and yes, when I think of, and you have a good chart when you think of a development, if you think of all development costs as a circle, then you can think of depreciable basis as being a subset of those costs, and when you think about in that, to be including eligible basis, you have to be depreciable. So maybe you could discuss, for our listeners, with what costs would be nondepreciable, but would be within your development budget, but they're just not depreciable, so they don't have a chance to be included on an eligible basis.

[00:12:37] **Mark Shelburne:** Right. So, and yes, and that there are, the three different circles is a great way to think about it. I borrowed that from our firm's tax credit eligible basis webinar that Wayne puts on every year. He'll be doing it later this summer. It's also available by demand. And so it is important to think there are some things that aren't project costs at all that can happen.

And they, and so you need to be, it's pretty rare, but there are some things where that happens, but the first cutoff, though, after that is what's depreciable, and I would defer to you as the accountant as to what, how to think about that, but as I think about it, as a sort of attorney, it's a tax recognition of the concept and I think it's in physics of entropy, the notion that things fall apart, that they wear out over time. And the tax code allows you to reflect that reality, that doorknobs wear out, that hinges fail, roof tiles fall off and those are all things that do happen to physical structures and that has a consequence to the value of that structure, but there's never any, like, you don't get a bill from the hinge that falls off. You just, it just falls off. And so, but it's, but that's a real circumstance. So Congress allows you to reflect that circumstance in the concept of depreciation.

[00:14:01] **Michael Novogradac, CPA:** And then maybe share some examples of costs that are depreciable and costs that are not depreciable.

[00:14:08] **Mark Shelburne:** Exactly. Yeah. So, what that then leads to is the notion that the things that are depreciable are the things that fall apart, like your buildings and your structures, your driveways, your, the buildings that are next to the property, the maintenance shed, those sorts of things.

Those are all things that if you think about understand this concept behind it, those are things that wear out over time. So they get to count as depreciable. By contrast, what doesn't depreciate is the land underneath it. That should appreciate, but at a minimum, it doesn't wear out. You don't wear out the land underneath it. Same goes for an account that you have in a bank that serves like your operating reserve. That's real money. That's definitely a substantial budget line item, but it is not something that wears out, if any, that should earn interest and grow, if anything, but regardless, it's not a physical structure that experiences entropy, and so therefore it's not depreciable.

[00:15:08] **Michael Novogradac, CPA:** And I think our listeners can also, and viewers can also now appreciate better why depreciable property was a great place for Congress to start, because Congress didn't want to subsidize the mere cost of the land in part because if you're subsidizing the cost of the land by including an eligible basis, you might drive up the value of the land and in a given land site, it doesn't have competitors, whereas wood and other costs have lots of competitors and the rest. And then similarly, for instance say reserves, cash reserves and the rest, you know, Congress didn't want to give additional tax credits for creating greater cash reserves. But that's what we're talking about now is really just the start and any listener who's looked at an eligible basis spreadsheet knows, there's a lot more complexities and nuances in terms of determining eligible basis. So maybe you could share a few examples, if you'd like, about this determining of the determination as to what's depreciable versus what isn't.

Challenges in Determining What's Depreciable and What's Eligible Basis

[00:16:16] **Mark Shelburne:** Right. Well, so for that, I like to go back to one of my stories from the very, when I first got started. In '86, I was in high school. But, but I didn't get started.

[00:16:27] **Michael Novogradac, CPA:** Don't worry, don't worry, don't worry about sharing that. Doesn't make me feel old. Doesn't make me feel old.

[00:16:32] **Mark Shelburne:** Well, I feel old, because, because I got, so, I got started in this business at the very end, well, actually no, it was early in 2000. And so my, so I went to one of the very first conferences I went to in 2000 was, a panel where the developer and their attorney were talking about how they got audited by the IRS. And the subject on which they were audited was the landscaping, the shrubs, the bushes, the trees, all those things. And the question was, how close were those plants to the building, the structure itself?

That's what the auditor was digging into. Where the groundskeeper dug a hole to plant the tree. And was it close enough to the building to count as being essentially part of the building, or was it planted sufficiently far away that it was more just like land? And so, and that's, that's what they were describing in this panel was the experience they went through with the auditor of defining which of those things counted, which ones, and the arguments that they had about that. And that's something that you have to do with every project. Just think about that.

[00:17:45] **Michael Novogradac, CPA:** And I would just note for our listeners what the key concept that the auditor was trying to address was whether or not the landscaping would be replaced if you were to knock the building down.

And, a good friend of mine, Tony Freedman, had the funniest line about this question. And he said, it's like a, how-drunk-does-the-bulldozer-driver-have-to-be test? In terms of if he was knocking down the building, would he take out the landscape too? And of course, it's, I kind of giggle about it because when you think about a residential development, you think about landscaping. If you ever were to tear the building down, it's not likely you're going to keep any of the landscaping, right? You're going to come up with a different use. You're going to alter the landscaping and all the rest and, in that sense, landscaping isn't going to be there with the land forever and nondepreciable. It's going to be replaced with a new development. So, it was definitely frustrating for the IRS to have been looking into that question. So, you know, once we go through and define costs that are depreciable or not, or actually even before, or after doing that, I should say, there are some costs that are pretty simple.

If I buy land and that land cost is nondepreciable, if I put money in reserves, that's pretty directly not depreciable. If I buy lumber, that's clearly depreciable, but we have those, I would say, we often commonly refer to as direct costs. So you can look at the direct costs and that can be oftentimes fairly straightforward in terms of is it depreciable or not.

However, 30-40% of a cost of a development, sometimes more, are what I call soft costs or indirect costs. And you can think of legal fees, you can think of developer fees, you can think of interest expense, there's a lot during construction, there are lots of these costs that aren't direct, but they're clearly a part of the development and those indirect costs end up needing to be apportioned among the various activities. Maybe you could say a few words about that.

[00:20:09] **Mark Shelburne:** Yeah. So the first place to start with those indirect soft costs is asking to what do they relate and to think about that. And so the best, easiest one to think about is the attorney fees, because you should be able to get the attorney to account for their time as to what they spent doing, and so to the extent that your attorney is negotiating with the land purchaser to buy the real estate that the dirt basically that you're building, then clearly that wouldn't count whatever, however many thousands of dollars you spend on that, that's connected to the land. So therefore that is not a depreciable cost. But by contrast, to the extent that your attorney is negotiating the construction loan to build the structure there, then that clearly does count.

And so that is the easiest of the examples of soft costs. From there, it gets more complicated. One of the interesting complications that comes up is when the costs happen, because once something, once a building places is in service, it's no longer being, it's no longer under construction. And so you can have the same kind of outlay like construction loan interest that does count while it's being used to build the building, but construction loans don't pay off right away. They stay outstanding for three, four, however many months. And so once the building's no longer being built, it's just sitting there, then that same outlay, that construction interest, that stops being depreciable. That becomes something else. I believe you call it expense, capitalized versus expense. That's an accountant term or not. And so again, you have to ask to what does it relate?

[00:21:57] **Michael Novogradac, CPA:** That's a good point about the placement in service because there are a number of costs that during construction get capitalized. And once the property is placed in service, they no longer get capitalized as a general rule. There are costs, obviously, that do keep getting capitalized, even after you've placed the building in service. And that's an important consideration.

And I'm avoiding going into a whole bunch of nuances here, because this is intended to be an overview, but I'll just say that there are, every one of these costs and particularly with respect to soft costs, have nuances as to how they get capitalized and elections you can make and the rest. So you do want to make sure that you have a highly experienced accountant involved to be maximizing your overall basis for all the reasons I stated at the beginning.

Now, earlier I noted that when you think about a development budget and all of its costs, it has a certain amount and that a subset of that is depreciable property. And that are those properties that we, as we've been talking about, subject to wear and tear and the rest. But all depreciable property is not going to include an eligible basis.

There is a subset, eligible basis is a subset of depreciable property. So if you could describe for our listeners and viewers some of what Congress intended and what are some of the situations where the property is depreciable or a cost is depreciable but not included in the eligible basis.

[00:23:34] **Mark Shelburne:** And, and just a quick, a quick backtrack to your point about nuance. When I teach this class, one of the things I always emphasize is pretty much everything I say has an exception. And there's not, it's not rare that there's an exception to the exception. And so folks need to appreciate that that's the reality. But, but yes, going back again to congressional intent, what were they trying to accomplish?

Well, Congress also wanted to be certain that only the types of costs that are needed to serve the tenants or that the tenants themselves are using, count toward this generating the tax credit. And so, that's the real distinction between depreciable and eligible basis is that cut off. And so, the obvious example of that would be if you were doing, and this is pretty rare, but there are mixed-use buildings. There are times when you'll have a second- third-floor residential and ground-floor retail that's open just to the general public. And if that's all owned by the same entity, then that ground-floor retail would be depreciable because again, it's, it wears out over time. But It's open to the general public. It's available to anyone. So therefore, it's not serving the tenants. And so there, so what Congress would say is, and IRS would say with the audit, is you need to be careful to not count anything with that commercial space toward the eligible basis. And that's an obvious example.

A less-obvious example would be if you were to have a circumstance of, say, a 24-unit USDA property out in a very rural area and it had an Olympic-scale swimming pool, diving area, that kind of thing. Then clearly, that wasn't meant for the tenants. And so that, obviously, that kind of thing is not usually going to happen. But you can have that kind of circumstance where the auditor could look at that and say, yeah, that's not meant for the tenants. That's meant for a broader audience.

[00:25:34] **Michael Novogradac, CPA:** It sort of just makes an indirect reference to the fact that you can include reasonable common areas that are there to accommodate the residents, and if you have extraordinary common areas, particularly those that are used by nonresidents, that those can end up being excluded.

There's also a number of other complexities to this determination, so I thought maybe you could share three examples. Some additional complexities, and obviously your six-week course coming up with a lot more of these complexities, but if you could just share three that you see often.

[00:26:20] **Mark Shelburne:** Yes, so, the first, because it's pretty common, is this notion of impact fees. That's a very real, important cost for a development. And so the question is, do you get to count that as eligible basis? And with a lot of things we're talking about here, there's no one set answer. You have to know all the facts basically. And then potentially even upon knowing all the facts, you may have to make a judgment call, which what's, what do you think is the better way to treat it? But considerations would be, did the assessment of the impact fee correspond to the size of the development? You pay more if you're doing more development, you pay less doing less development. If the development were to not go forward. If you were to have to stop, do you get the development, do you get the impact fee refunded? And so those would be things that would tend to let you argue that it does count toward eligible basis. But again, you have to know all the facts and circumstances. And again, and even if you do know them all, you still may have to make a judgment call.

[00:27:20] **Michael Novogradac, CPA:** Let me just actually interject here on impact fees. This is an example where getting advice, good tax advice very early in the development process can pay big dividends in the course of negotiating impact fees, how those impact fees get reflected in that final agreement will have a direct impact on whether or not they're included in an eligible basis or not.

And as a general matter, you're going to include them in eligible basis. And this is true with developer fee agreements and all the rest. So you definitely want to at the very early stages, be working with an experienced professional here so you're putting yourself in a position to include the maximum amounts on an overall basis. But thanks for that interruption. I'll let you proceed.

[00:28:11] **Mark Shelburne:** Oh, no problem.

So the, the next one is, we talked at the very beginning about how all the four components of the calculation matter for all roles in the industry. And one of the ways in which they matter for operations is if you, as an asset manager or site manager, were to start charging for common areas.

Then, you could potentially, depending on, again, all the facts and circumstances, you could put at risk that owner's ability to count the costs associated with that common area toward that year's eligible basis. And so the consequence could be that the property thought it was going to generate, say, $500,000 worth of credits, but because you charged a fee for the big multipurpose room, now all of a sudden you only get to get $480,000.

And that $20,000 of credits, that has a real consequence. And that bank is not going to just say, the investor is not going to just say, oh, well, you know, no big deal. They're going to, they're going to take, there's going to be a consequence for that. So again, it depends on the facts and circumstances, but you have to be aware that that's because the idea being it's no longer really for the tenants. They don't have access to it. They're having to pay to use it.

[00:29:25] **Michael Novogradac, CPA:** And there, I think of it from like a bright-line rule. If the common area, if there's a separate charge and for the common area and it's optional then the common area is excluded from eligible basis, as well as the optional charge is excluded from rent in terms of determining the maximum rents that can be charged to tenants, the flip side of that would be a mandatory charge for a common area, in which case the good news is you do get to include it in eligible basis, but that mandatory charge gets treated as additional rent, so there's this matching, if you will, that occurs. And, as we discussed in preparing for the podcast, and as you know, you can get into areas where it's optional, but for all practical purposes, it's not optional, in which case it'll get treated as mandatory.

[00:30:30] **Mark Shelburne:** Right. In which case, maybe you don't meet your minimum set-aside and you have a whole different problem.

[00:30:35] **Michael Novogradac, CPA:** Yes, yes.

[00:30:38] **Mark Shelburne:** And then the third, which is one you could have multiple podcasts to cover is the notion of how much you spend to purchase the buildings. So, and so obviously we'll be presuming with most of our discussion today is you're buying raw land, but very often the housing credit is used to buy real estate, which includes structures, buildings.

And so Congress made a big distinction between buying the land and buying the buildings. And so, they also made a distinction between buying the buildings and other kinds of spending. And so they put all kinds of limitations and restrictions on when you get to count that cost of what you're spending on the building portion.

And so again, we, that, that's black-belt level work there as to how that all works. And so, but you just need to know that's, and there's some big pitfalls there, including before you even get started doing the work. You can really mess up the whole deal by doing things like buying it before you're ready to.

[00:31:39] **Michael Novogradac, CPA:** Yeah, there's, like you mentioned, there's a host of issues around acquiring buildings and determining how much, if any, is included on eligible basis. It's definitely something where you want to be working with experienced professionals before you buy the property and before you enter into a final agreement to buy the property, so you can document everything appropriately.

But I would also note that it doesn't just apply to purchasing land with buildings. Oftentimes, when you're buying land, there could be development rights, there could be a host of other items that are part and parcel with the land where you have to be allocating out the purchase price.

So, I feel a little guilty to keep saying, well, there's this thing here, but I'm not going to talk about it. There's this thing here, we're not going to talk about it, but there's only so much time. And maybe, maybe with that as a segue, if I am a developer listening to the podcast, what's some additional advice that you would give me?

[00:32:47] **Mark Shelburne:** Well, it's really just to summarize and bring home what a common theme in this, our whole discussion here, which is don't make assumptions. Don't presume that you know how this is going to work, especially if you're new and early on in the game. You really need to check with folks to find out if something that is at all questionable, outside the norm, is going to count or not count. And that's obviously your Novogradac account will be the first stop, but you also potentially may need to communicate with your equity provider if you know who they are, depending on what stage you're in.

Because that entity's tax attorney is very often the last word on what gets to count and doesn't count. And so you need to communicate with any of these sort of questionable issues and obviously get educated, learn, take classes like the ones we offer so you know what kind of questions to ask and some, and to an extent you can answer them.

But again, to the extent that there's anything that's up in the air you're not sure about, just go ahead. It may cost you a few hundred, a few thousand dollars to get an answer, but that could save you millions potentially down the road.

[00:34:01] **Michael Novogradac, CPA:** No, thank you for that. And I would encourage listeners and viewers to also communicate more with your advisors and one of the purposes and benefits of listening to this podcast is as you now understand the concept of depreciable versus not depreciable, and some of these other nuances, there might be information that you have that you need to share, that, that might be a question that someone doesn't think to ask you.

It's kind of like going to the doctor. If you don't tell the doctor some of your ailments and the rest, they won't know how to treat you. Here, with additional information, your tax advisors can give you better advice, so make sure that you're asking questions and sharing, and feel free to say, "well, I don't know if this matters, but," and then share what you have, because the worst thing that will happen is they'll say, yes, it doesn't matter, but it might matter in a very beneficial way.

So, I just would encourage if there's anything about this that you're curious about, make sure you're discussing those with your tax advisors.

[00:35:13] **Mark Shelburne:** Yeah, that's true. Same goes with your attorneys. They'd rather hear 10 irrelevant facts than miss one important one. That's absolutely the case.

[00:35:23] **Michael Novogradac, CPA:** So, thank you for that, Mark. And as a reminder for our listeners, I will include the link to the six-class series in today's show notes. And before we go to the Off-Mike section of the podcast, anything else you wanted to share, Mark?

Opportunities to Learn More

[00:35:38] **Mark Shelburne:** Well, to remind folks again, to the extent you want to learn more about eligible basis, we have the three-hour, I believe, on-demand course that Wayne offers, and then he's going to offer it again, sometime this summer.

[00:35:54] **Michael Novogradac, CPA:** And then we do also have our San Francisco LIHTC conference coming up next week. So, please, join us if you can. I'll be there with our Washington Wire session. And look forward to meeting as many listeners and viewers as I can. I'd also encourage listeners to reach out to Mark or one of our Novogradac partners with any questions you have about eligible basis, or the low-income housing tax credit more generally, or community development tax incentives more widely, we're here to help.

And before we move to the Off-Mike section, I always like to remind the audience to subscribe to our podcast, whatever platform you prefer, and also please do share the podcast with your colleagues who may be interested.

Off-Mike Section

Now, I do want to turn now to our Off-Mike section, so I will. Mark, you were on the podcast in March, and you gave a wonderful shout out to Jill Cromartie, who was formerly of the Georgia Department of Community Affairs, who now works as a consultant, so today you get an opportunity to shout out someone else in the affordable housing world.

Who would you like to recognize?

[00:37:04] **Mark Shelburne:** Yes, so this one was also an easy pick, it's Greg Mayo with, CAHEC, and it was easy because he is, was one of my very first co-workers back in 2000 when I got started in this area. And I was the very first in house counsel for the syndicator, which was back then a really small nonprofit. And so, when I started, I really, the extent of my knowledge in the housing credit was having taken one class in grad school. And so, and then obviously I did real estate closings, that kind of thing, but in terms of tax-credit-specific knowledge, you get it was the one class in grad school.

So, Greg Mayo had me as his attorney there, when he was doing all the underwriting and deal closings. And so he very patiently taught me the program for many months there. And so, I'll always grateful to his patience for being willing to do that and being there. And we're still friends today and he still is with CAHEC and does great work there.

[00:38:06] **Michael Novogradac, CPA:** Great. Thank you for that. My shout out to Greg as well. And thank you, Mark. Thanks for being on the podcast.

[00:38:14] **Mark Shelburne:** Indeed. Thank you. It was a pleasure.

[00:38:16] **Michael Novogradac, CPA:** I'm Mike Novogradac. Thanks for listening.

Additional Resources

Email

[Mark Shelburne]

Novogradac Courses, Webinar

Novogradac LIHTC Allocation/Underwriting Basics Series

Novogradac Principles of LIHTC Eligible Basis Recording

Conference

Novogradac 2024 Affordable Housing Conference

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