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Schweich Releases Audit of Low Income Housing Tax Credit Program

JEFFERSON CITY (March 10, 2014) – State Auditor Tom Schweich today released the audit of the Missouri Low Income Housing Tax Credit (LIHTC) program, managed by the Missouri Housing Development Commission (MHDC).

In the areas audited, the overall performance of this entity was **Fair**.

The LIHTC program is the state's largest tax credit program and had \$144 million in redemptions in fiscal year 2013. Annual redemptions are projected to increase to remain around \$200 million per year through 2018. Of the states with LIHTC programs, Missouri ranked highest in state LIHTC funding and was only one of two states with a per capita rate exceeding \$20.

Currently, only 42 cents of every dollar issued actually goes toward the construction of low income housing; the remainder goes to the federal government in the form of increased federal income taxes, to syndication firms, and to investors. State law allows claiming the same project costs under two or more tax credit programs. This "stacking" of tax credits can be lucrative for developers, but it generates no additional economic activity or state benefit.

The fiscal year 2013 analysis shows the program returned 8 cents in state revenue for every dollar spent and created approximately 63 new full-time jobs. With redemptions of \$144 million in 2013, the program costs the state approximately \$61,000 per unit of housing or \$2.3 million per job.

To read the full report, visit:

<http://www.auditor.mo.gov/AuditReports/AudRpt2.aspx?id=57>

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