



*Photo: Courtesy of Craig D Blackmon FAIA  
Hillside West Seniors Community, Dallas, Texas*

# LIHTC SERVICES

Unparalleled leadership in navigating tax, accounting, valuation and other issues related to financing, developing and operating low-income housing tax credit properties.

KNOWLEDGE ♦ EXPERIENCE ♦ SERVICE

## About the Firm

Novogradac works extensively in the low-income housing tax credit (LIHTC) space, assisting owners of affordable housing properties by providing them with tax, accounting, auditing, consulting, and market study and valuation services. Novogradac's expertise in guiding clients through the underlying tax, structuring and business issues of the tax credit incentive positions it to provide clients with unparalleled service.

The fundamental mission at Novogradac is to focus on clients' business objectives. Novogradac provides comprehensive services, offers creative solutions to complicated transactions and meets their needs for direction as they navigate the intricacies of their LIHTC transactions.

Novogradac has encountered and resolved many challenges in its more than 30 years as a leader in affordable housing. These challenges provided Novogradac professionals with an extraordinary understanding of both government and industry requirements. The experience allows Novogradac to exercise influence in advocating for the preservation and expansion of the LIHTC incentive.

The firm's skilled professionals specialize in helping clients with all aspects of developing, investing, selling and other technical and practical issues that relate to a LIHTC development. Although Section 42 might be a small part of the Internal Revenue Code, it is essential to have knowledgeable advisors to aid in understanding the complexities of this program.



*New Hope Housing in Houston, Texas*  
Photo Courtesy: New Hope Housing Inc.



Far Rockaway, Queens, New York  
Photo Courtesy: Courtesy of MDG Design + Construction

## Professional Services

Novogradac provides services to developers, syndicators, investors, lenders and a host of other unique clients. The firm's services are based on comprehensive knowledge and broad experience. Those services generally include:

- Accounting services
- Transaction services/tax consulting
- Investor services and consulting
- Compliance services
- Valuation and market study services

## Accounting Services

Novogradac offers cost-effective accounting services to clients and takes care to understand fully the nature of the client's business. Novogradac's professionals provide tax and accounting advice as needed throughout the process. Novogradac's expertise in the LIHTC world is unparalleled and aids clients with the following specific accounting services:

- Annual audits of financial statements
- Annual tax return preparation
- 10% test reports
- 50% test reports
- Good cost/bad cost analysis
- Tenant file testing
- Final cost and eligible basis certifications

- LIHTC applications
- Placed-in-service packages
- Debt service coverage ratio/break-even analyses
- Developer experience reports
- General partner experience reports
- Loan staff engagements
- Litigation support and expert witness testimonies
- Solar panel basis certifications
- Preliminary eligible basis reports

## Transaction Services/Tax Consulting

Although LIHTC developments can be a challenge to structure, the appropriate guidance from Novogradac's professionals can mitigate a potential stressful experience. We address and resolve complex business and tax issues and assist our clients throughout the entire structuring, financing and application process. Novogradac's specific services in this area include:

- Financial forecasts and analyses
- Arbitrage calculations
- Qualified contract calculations
- Tax capital basis analyses
- Quarterly tax estimates
- BRAC consulting
- Cost segregation analyses

## Investor Services and Consulting

LIHTC developments would not be feasible without investors who play an important role in the financing of LIHTC transactions. Novogradac's engagement team can provide investors with services that put them at ease when contemplating whether or not to invest in a LIHTC property. We also provide services that monitor partnership activities throughout the compliance period to help ensure the tax credit investment is free of problems and potential recapture. Novogradac's investor services include:

- Financial forecasts and analysis of return on investment
- Due diligence reviews
- IRC Section 704(b) capital account analysis

- Capital adjuster calculations
- Break-even and debt service coverage ratio calculations
- Property compliance reports
- Forensic accounting
- Valuation and appraisal
- Market analysis
- Portfolio performance and analysis

## Compliance Service

LIHTC properties are required to adhere to extensive compliance requirements, so it is extremely important that properties conform to the IRC Section 42 requirements. Novogradac assists owners and property managers in setting up complete tenant files to ensure



Stratton Flats in Gypsum, Colorado  
Photo Courtesy: Spring Creek Apartments LLC

compliance requirements are met. Novogradac can also review all of a development's tenant files and report deficiencies, increasing the likelihood that a client's files will pass reviews that are conducted by state agencies. Novogradac's compliance services also assist clients when they are acquiring an acquisition/rehabilitation development or purchasing a general partner interest in an existing partnership that owns a LIHTC property. Property compliance due diligence in these types of transactions is a key component to ensure there will be no issues down the road.

## Valuation and Appraisal Services

Novogradac's GoVal Group specializes in providing high-quality market research, valuation and affordable housing development support. The complexities of today's marketplace require a thorough understanding of a wide variety of housing programs and how local markets affect their success. Novogradac takes pride in its blending of primary research with available demographic and secondary data to help determine the viability of a proposed development. The GoVal Group completes nearly 1,200 market studies and appraisals each year throughout the United States and its territories. The purpose of these studies is to assess the market feasibility and/or, in the case of affordable developments, determine the value of LIHTC properties, as well as valuing partial partnership interests and assisting with Year 15 valuation issues. Novogradac's expertise extends to additional subsidy overlays such as public housing, HUD Multifamily Accelerated Processing (MAP), USDA Rural Redevelopment (Section 515, 538), Section 8, Section 236 and Section 202 housing. Further, Novogradac is a leader in navigating the HUD Rental Assistance Demonstration (RAD) program and can assist with the valuation of public housing developments through the RAD process.

Novogradac is a licensed user of the ESRI Business Analyst GIS software. The software allows Novogradac to do in-house GIS and data analysis of locations nationwide. With this ArcView compatible software, Novogradac can analyze any spatial area—the system contains all U.S. political boundaries, census tracts, block groups and blocks. Novogradac can also input custom boundaries to focus analysis on customer defined areas such as by a specified radius from an identified point or custom-drawn polygon.



*El Paso public housing amenities*  
**Photos Courtesy: Housing Authority of the City of El Paso**



## LIHTC Resources

- Multiple annual national LIHTC conferences
- Multiple annual LIHTC basics workshops
- Various LIHTC property compliance workshops
- Multiple advanced LIHTC financing workshops
- Tax, audit and LIHTC trainings for private audiences
- LIHTC webinars hosted throughout year for national audiences
- On-demand course that can be viewed at purchaser's convenience
- LIHTC Working Group: [www.lihtcworkinggroup.com](http://www.lihtcworkinggroup.com)
- Training memberships: <https://training.novoco.com/bundles/membership>

## Novogradac Housing-Related Publications, Periodicals and Software

- Low-Income Housing Tax Credit Handbook
- Tax-Exempt Bond Handbook
- LIHTC Year 15 Handbook
- LIHTC Property Management Handbook
- Rental Assistance Demonstration Handbook
- Nonprofit Housing Developers Handbook
- Introduction to Low-Income Housing Tax Credits
- Introduction to HUD Multifamily Rental Housing Programs
- Introduction to HUD's Rental Assistance Demonstration Program
- Multifamily Rental Housing Operating Expense Report
- Novogradac Journal of Tax Credits
- Rent and Income Limit Estimator
- LIHTC Financial Forecast Model



*Dunlap RAD in Perth Amboy, N.J.*  
Photo: Courtesy Housing Authority of the City of Perth Amboy



*The Paddock at Norwood in Austin, Texas*  
**Photo: David Cox Photography**

## Novogradac's LIHTC Team Leaders



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## OFFICE LOCATIONS

