

OFFICE OF THE GOVERNOR

Governor Chet Culver ★ Lt. Governor Patty Judge

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Governor Culver Announces Iowa To Receive \$21 Million A Year In Tax Credits To Build Affordable Housing

Program could mean more than \$200 million for housing over next 10 years

(DES MOINES) – Today, Governor Chet Culver announced major changes to the federal Low-Income Housing Tax Credit (LIHTC) Program that will lead the way for the creation of thousands of units of affordable rental housing in Iowa.

“These tax credits will help not only create much needed affordable housing around Iowa, but it will play a vital role in our rebuilding efforts after this year’s floods and severe storms,” said Governor Culver. “Many Iowans were impacted by these historic natural disasters. As Governor, I am committed to helping these Iowans rebuild their lives and find affordable housing, and this program will help us do just that.”

Earlier this month, Congress approved the Heartland Disaster Tax Relief Act of 2008. It provides an \$8 per capita allocation of low-income housing tax credits to states with counties that have been declared Presidential Disaster Areas. The Iowa Finance Authority (IFA), which administers the LIHTC program in Iowa, estimates that the state will receive approximately \$21 million annually in 2008, 2009 and 2010, and could see as much as \$210 million over the next ten years.

This allocation is in addition to Iowa’s annual allocation of approximately \$6 million in low-income housing tax credits.

Historically, IFA has accepted applications from developers of affordable housing in the fall and has awarded tax credits to successful applicants in early spring. Because of the increased number of credits that are available to housing developers, IFA board members voted yesterday to allow IFA to begin accepting applications on October 31, 2008, and continue to accept applications and award tax credits on an ongoing basis.

Specifically, the updated rules that govern the LIHTC program allow projects created in any of the 78 counties in which residents are eligible for Individual Assistance or Individual Public Assistance to receive up to 30 percent increase in the tax credit allocation. (A list of those counties follows.) For example, a project that will cost \$1 million to construct may receive a tax credit allocation of approximately \$1.3 million.

About the Low-Income Housing Tax Credit Program

Congress established the LIHTC Program as part of the 1986 Federal Tax Reform Act. President Clinton made the program permanent in 1993 by the Budget Reconciliation Act. The Iowa Finance Authority (IFA) is designated by the Governor to allocate tax credits in Iowa.

The credits are not cash awards. Instead, tax credits provide a dollar-for-dollar reduction to an investor’s tax liability on ordinary income. Developers of affordable housing sell the credits to investors as a way to finance the projects and keep rents low for eventual tenants.

In the program’s 22-year history, IFA has allocated credits that have allowed the creation of nearly 20,000 affordable units.

The Internal Revenue Service (IRS) oversees the program on the federal level and provides general guidelines for it. Each state also sets its own rules that are included in a Qualified Allocation Plan (QAP). IFA updates its QAP annually with public input. Iowa's QAP is available at www.IowaFinanceAuthority.gov.

Counties eligible for 30 percent increase in tax credit allocation

Adair	Jasper
Adams	Johnson
Allamakee	Jones
Appanoose	Keokuk
Audubon	Kossuth
Benton	Lee
Black Hawk	Linn
Boone	Louisa
Bremer	Lucas
Buchanan	Madison
Butler	Mahaska
Cass	Marion
Cedar	Marshall
Cerro Gordo	Mills
Chickasaw	Mitchell
Clark	Monona
Clayton	Monroe
Clinton	Montgomery
Crawford	Muscatine
Dallas	Page
Davis	Polk
Decatur	Pottawattamie
Delaware	Poweshiek
Des Moines	Ringgold
Dubuque	Scott
Fayette	Story
Floyd	Tama
Franklin	Union
Fremont	Van Buren
Greene	Wapello
Grundy	Warren
Guthrie	Washington
Hamilton	Webster
Hancock	Winnebago
Hardin	Winneshiek
Harrison	Worth
Henry	Wright
Howard	
Humboldt	
Iowa	
Jackson	