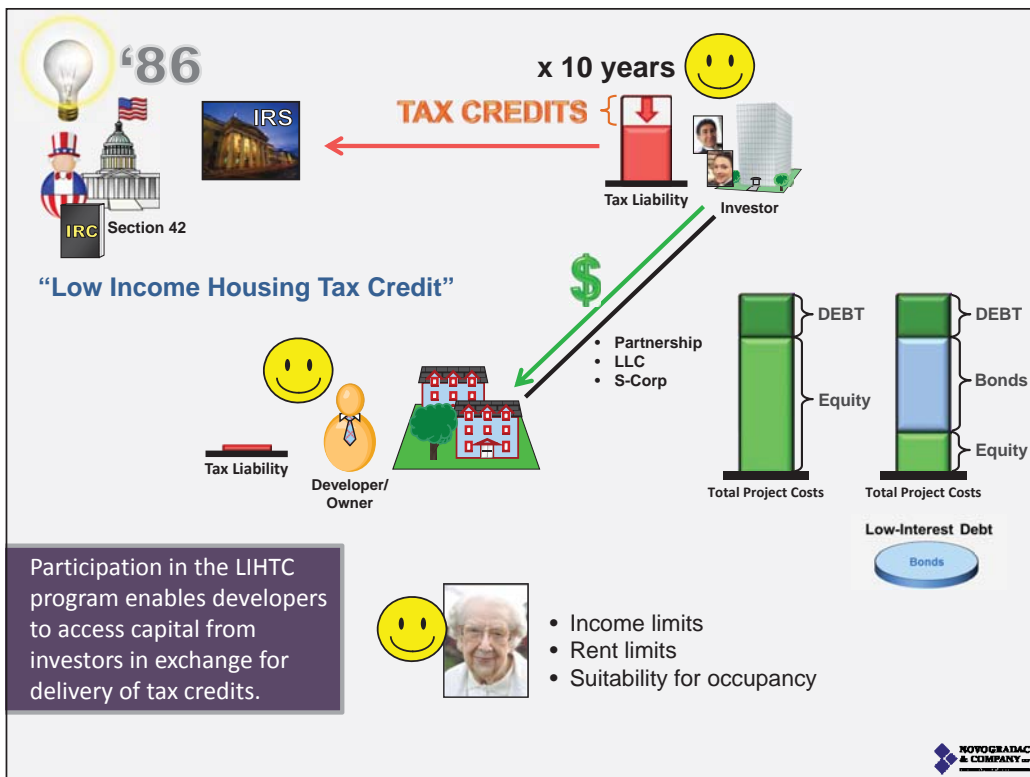



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**IRC Section 42**

North Carolina pop: 2013	
Approx	9.75 mil
x	\$2.25
<b>Approx</b>	<b>\$22 mil</b>



**State Allocating Agency**



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**IRC Section 42**

↓

**\$22 mil** x 10 = **\$220 Mil**

LIHTCs



**State Allocating Agency**



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The diagram illustrates the process of allocating tax credits. It starts with 'IRC Section 42' (represented by a Minuteman icon and the US Capitol), which leads to '\$22 mil LIHTCs' (represented by a gold coin). This amount is then allocated through a 'QAP' (Qualified Allocation Plan) to the 'State Allocating Agency' (represented by a map of North Carolina and the state capitol).

- 10% of credits set aside for **non-profits**
- Take into account **energy efficiency** and **historic nature** of projects
- Priority to projects targeting **lowest income tenants** and **longest period of low-income use**
- Consider **financial feasibility/viability**
- Limit credits to **amount necessary**

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## North Carolina LIHTC QAP for 2015

The diagram on the left is identical to the one on the previous slide, showing the flow from IRC Section 42 to \$22 million in LIHTCs, which are then allocated through a QAP to the State Allocating Agency.

**The 2015 Low-Income Housing Tax Credit Qualified Allocation Plan  
 For the State of North Carolina**

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DRAFT 2015 QUALIFIED ALLOCATION PLAN  
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**North Carolina LIHTC QAP for 2015**

- A. SITE EVALUATION AND MARKET ANALYSIS
  - (i) Neighborhood Characteristics
  - (ii) Amenities
  - (iii) Site Suitability
- B. RENT AFFORDABILITY
- C. PROJECT DEVELOPMENT COSTS AND RPP LIMITATIONS
- D. CAPABILITY OF THE PROJECT TEAM
- E. UNIT MIX AND PROJECT SIZE
- ETC...



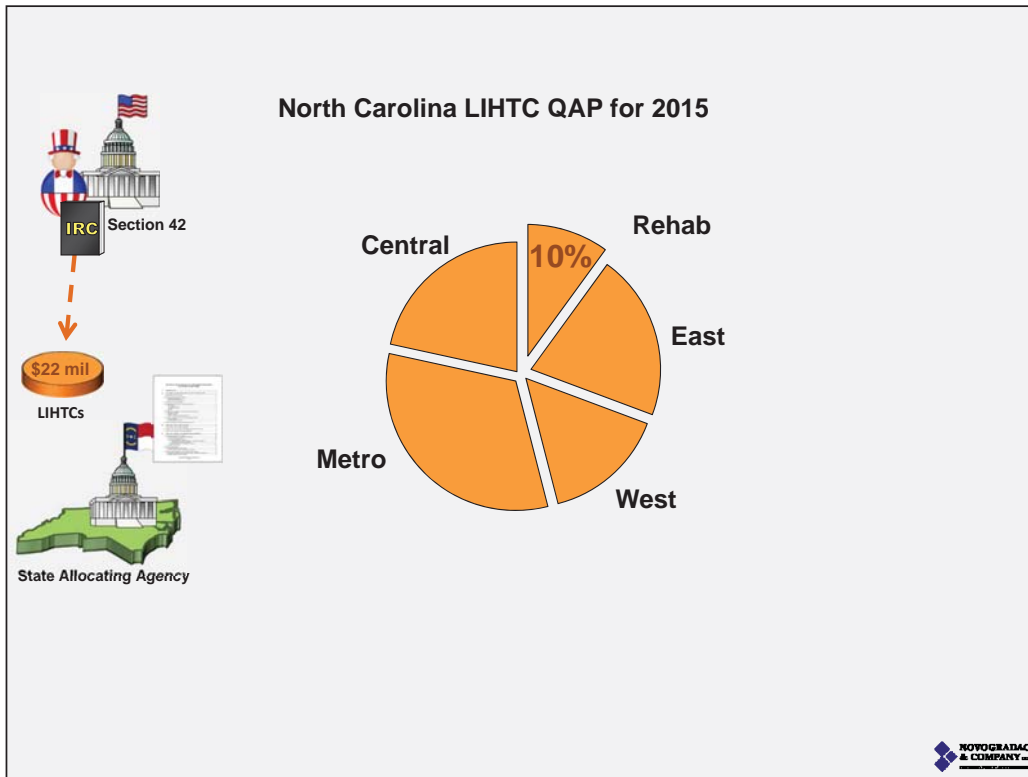
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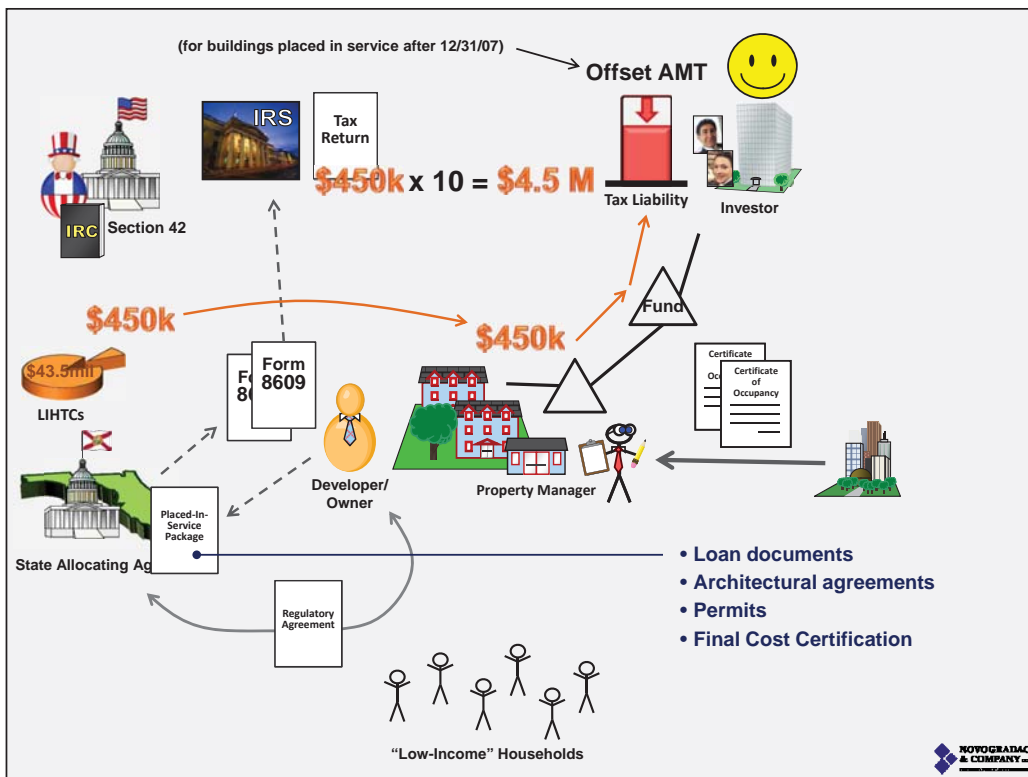
**North Carolina LIHTC QAP for 2015**



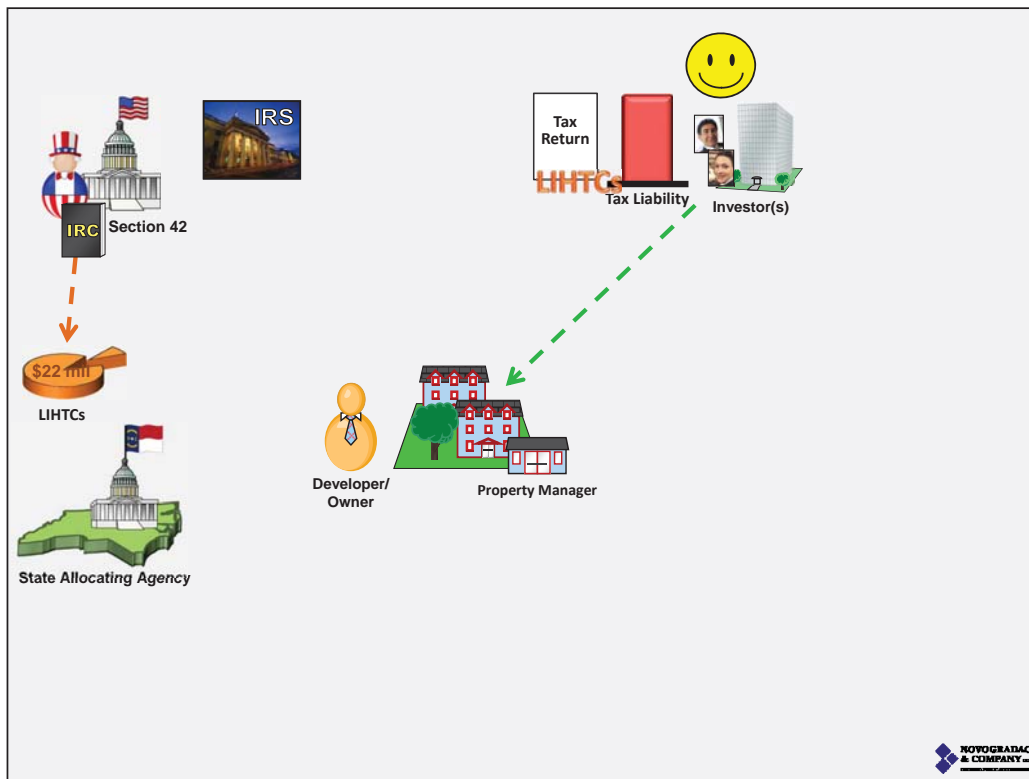
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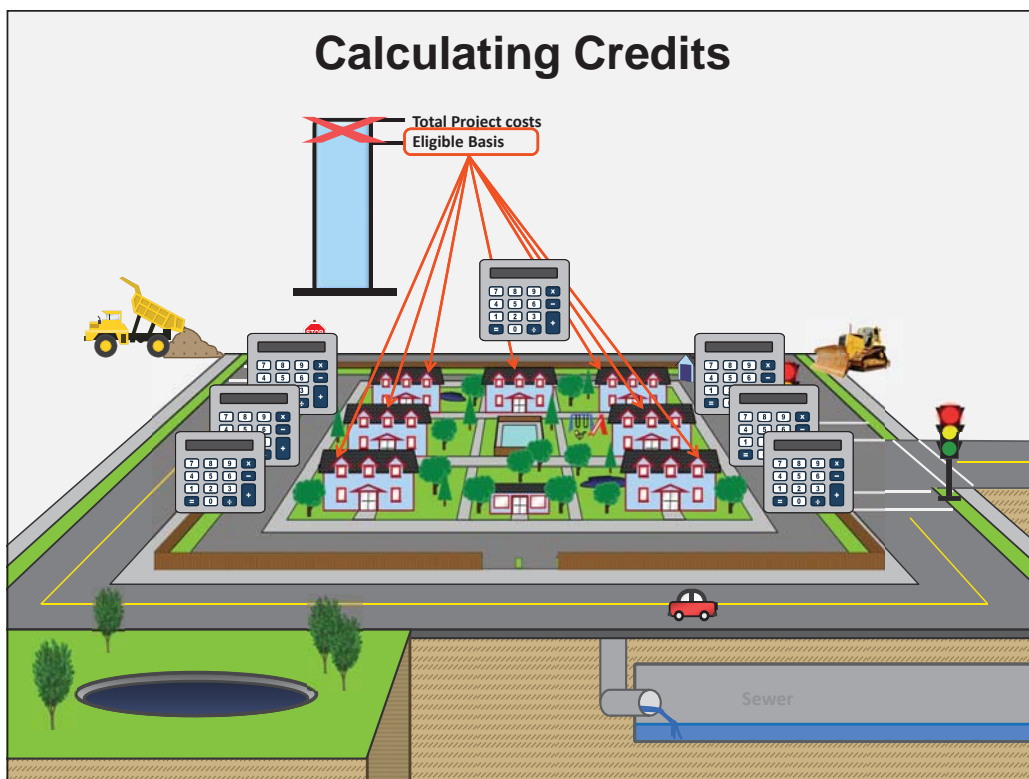
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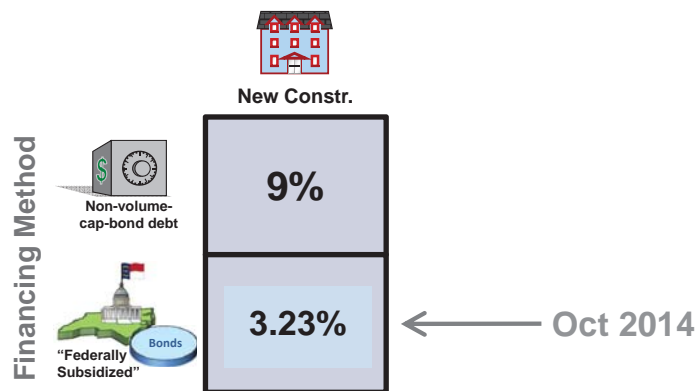
## Calculating Credits

Eligible basis	1,000,000
<u>x DDA/QCT</u>	<u>x 130%</u>
EB adj for DDA/QCT	1,300,000
<u>x Applicable fraction</u>	<u>x 95%</u>
Qualified basis	1,235,000
<u>x Tax credit percentage</u>	<u>x 9%</u>
Annual LIHTCs	111,150
<u>x Ten years</u>	<u>x 10</u>
Total LIHTCs	1,111,500
<u>x Limited partner %</u>	<u>x 99.99%</u>
Total limited partner credits	1,111,389
<u>x Price per credit</u>	<u>x 0.85</u>
Equity contributions	944,680



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## Calculating Credits



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## Calculating Credits

Eligible basis	1,000,000		<b>Financed in part w/ tax-exempt bonds</b>
<u>x DDA/QCT</u>	<u>x 130%</u>		
EB adj for DDA/QCT	1,300,000		
<u>x Applicable fraction</u>	<u>x 95%</u>		
Qualified basis	1,235,000		
<u>x Tax credit percentage</u>	<u>x <del>9%</del></u>	<u>x ---&gt; 3.23%</u>	
Annual LIHTCs	111,150	40,014	
<u>x Ten years</u>	<u>x 10</u>	<u>x 10</u>	
Total LIHTCs	1,111,500	400,140	
<u>x Limited partner %</u>	<u>x 99.99%</u>	<u>x 99.99%</u>	
Total limited partner credits	1,111,389	400,100	
<u>x Price per credit</u>	<u>x 0.85</u>	<u>x 0.85</u>	
Equity contributions	944,680	340,085	



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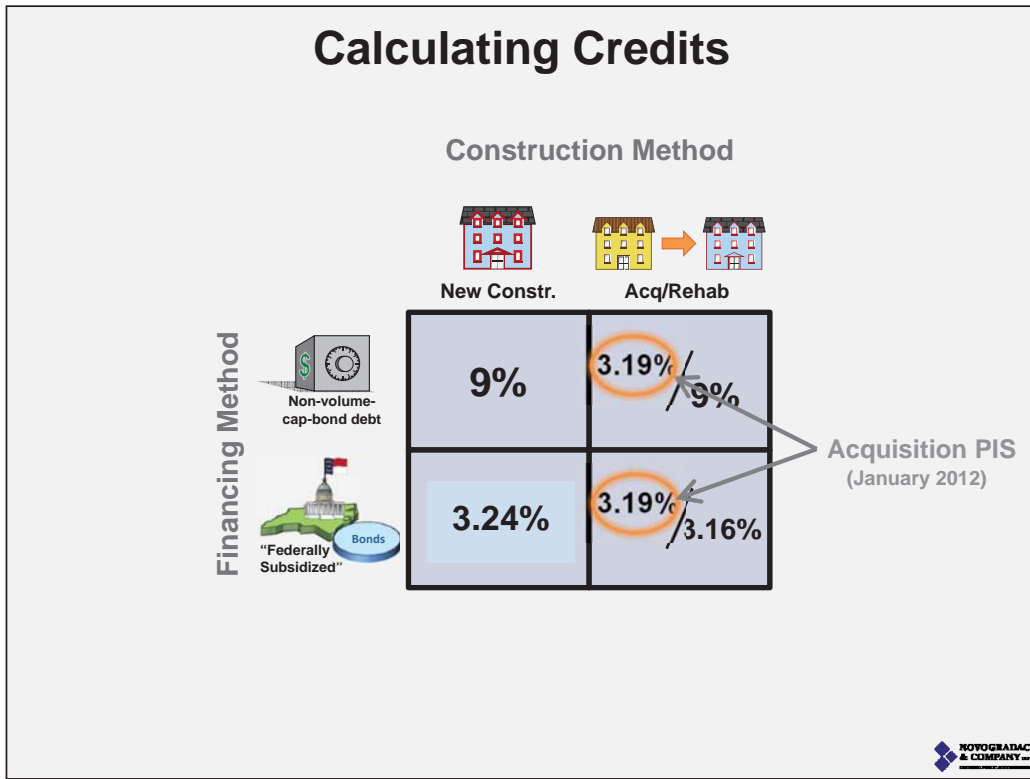
## Calculating Credits

Eligible basis	1,000,000		<b>Financed in part w/ tax-exempt bonds</b>
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Equity contributions	944,680	340,085	

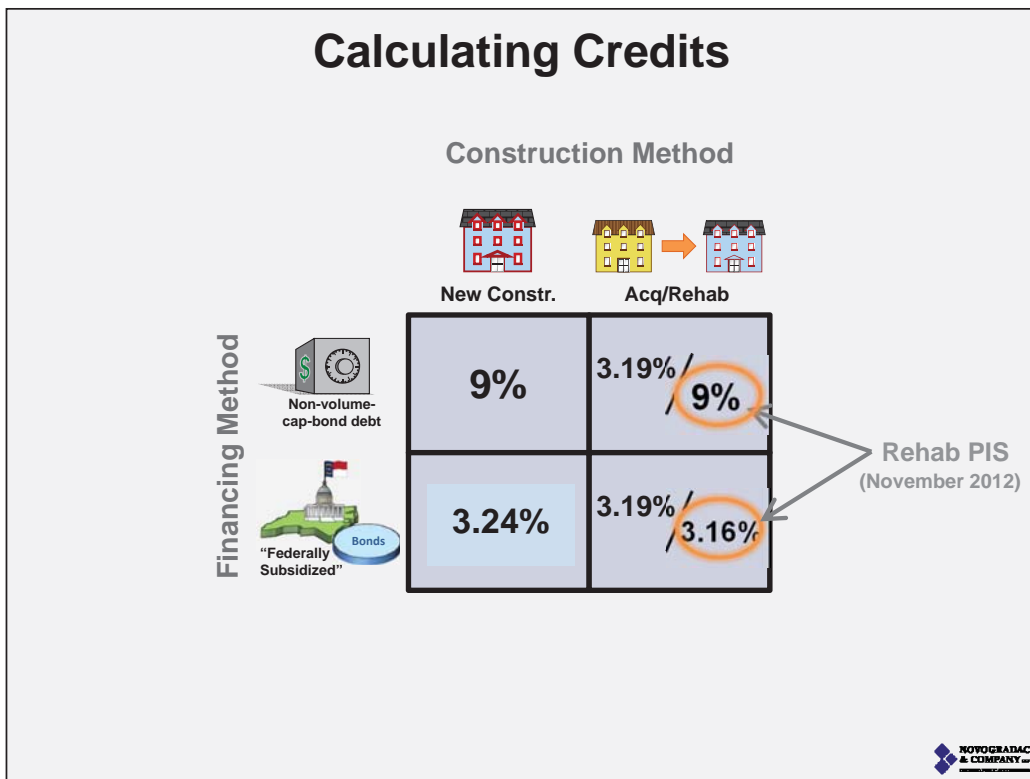


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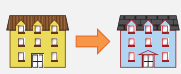
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## Calculating Credits

**Construction Method**




**New Constr.**




**Acq/Rehab**

Financing Method




Non-volume-cap-bond debt



"Federally Subsidized" Bonds


	<b>9%</b>	<b>3.19%/9%</b>
	<b>3.24%</b>	<b>3.19%/3.16%</b>



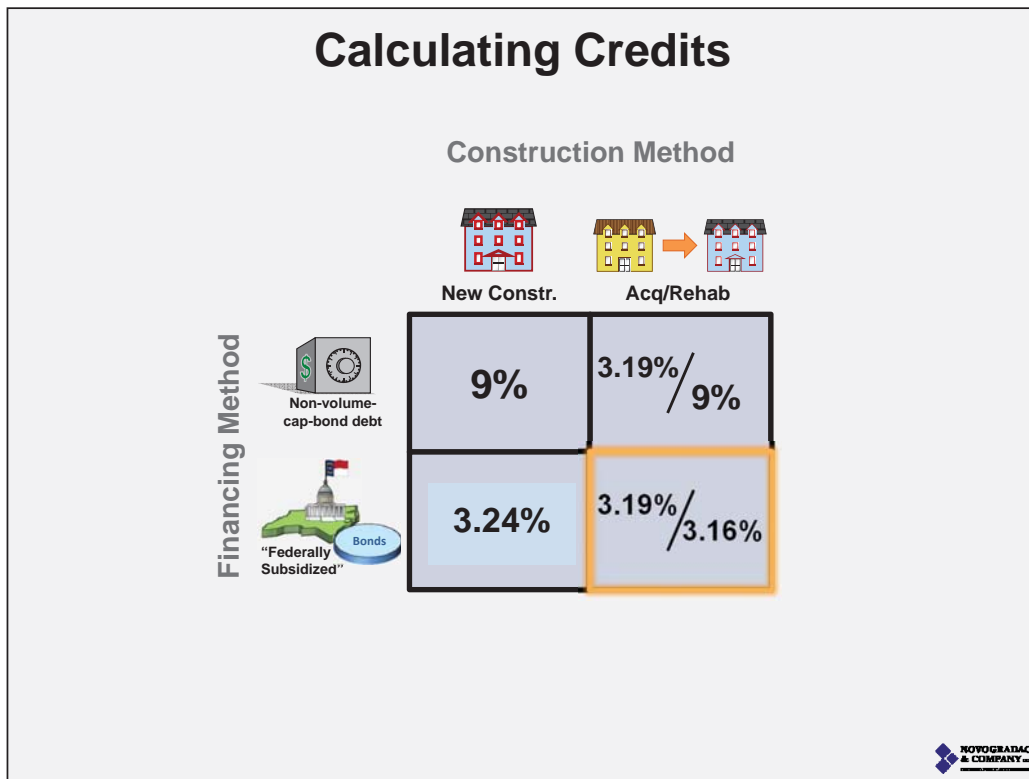
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## Calculating Credits

	<b>Acquisition</b>	<b>Rehab</b>
Eligible basis	500,000	500,000
<u>x DDA/QCT</u>	x 100%	x <b>130%</b>
EB adj for DDA/QCT	500,000	650,000
<u>x Applicable fraction</u>	x 95%	x 95%
Qualified basis	475,000	617,500
<u>x Tax credit percentage</u>	x <b>3.19%</b>	x <b>9%</b>
Annual LIHTCs	15,153	55,575
<u>x Ten years</u>	x 10	x 10
Total LIHTCs	151,525	555,750
<u>x Limited partner %</u>	x 99.99%	x 99.99%
Total limited partner credits	151,510	555,694
	↔ <b>707,204</b> ↔	
<u>x Price per credit</u>	x 0.85	
Equity contributions	\$ 601,123	

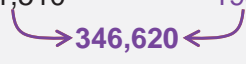



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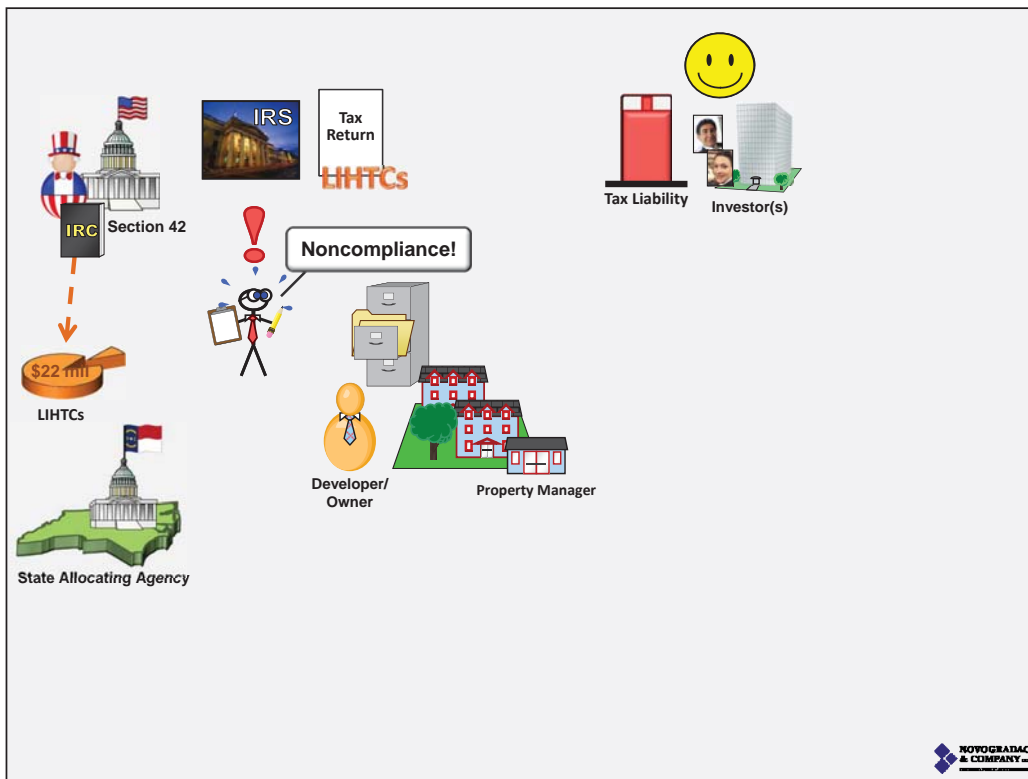
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## Calculating Credits

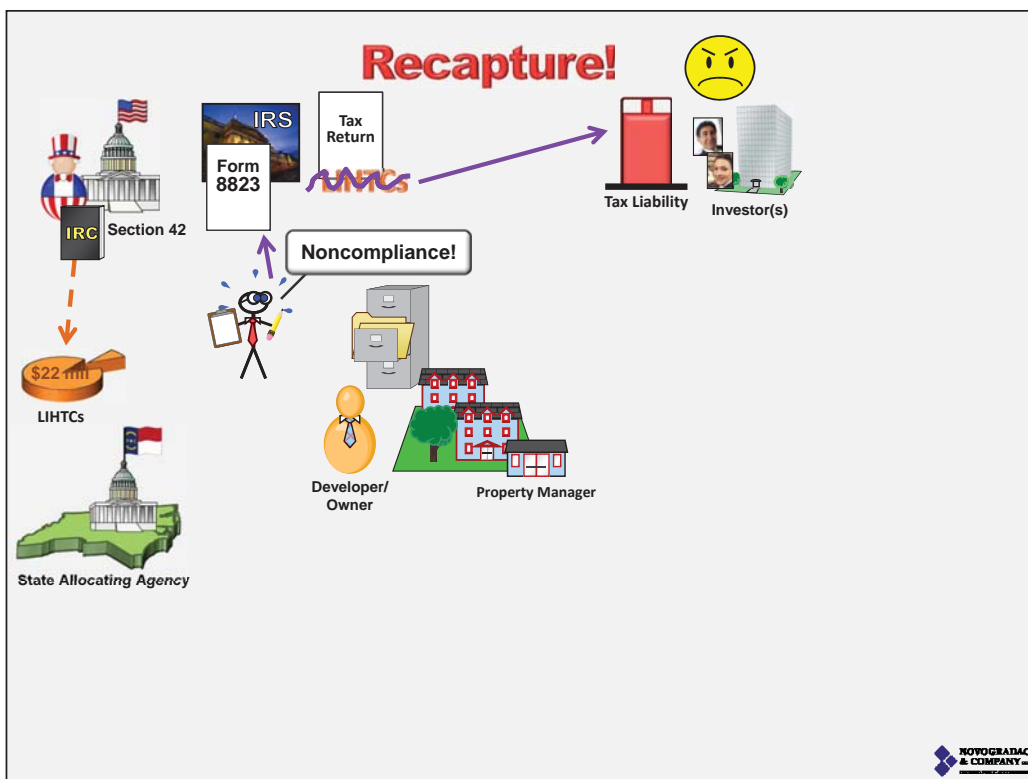
	Acquisition	Rehab
Eligible basis	500,000	500,000
<u>x DDA/QCT</u>	x 100%	x %
EB adj for DDA/QCT	500,000	650,000
<u>x Applicable fraction</u>	x 95%	x 95%
Qualified basis	475,000	617,500
<u>x Tax credit percentage</u>	x 3.19%	x 3.16%
Annual LIHTCs	15,153	19,513
<u>x Ten years</u>	x 10	x 10
Total LIHTCs	151,525	195,130
<u>x Limited partner %</u>	x 99.99%	x 99.99%
Total limited partner credits	151,510	195,110
		
<u>x Price per credit</u>	x 0.85	
Equity contributions	<b>\$ 294,627</b>	



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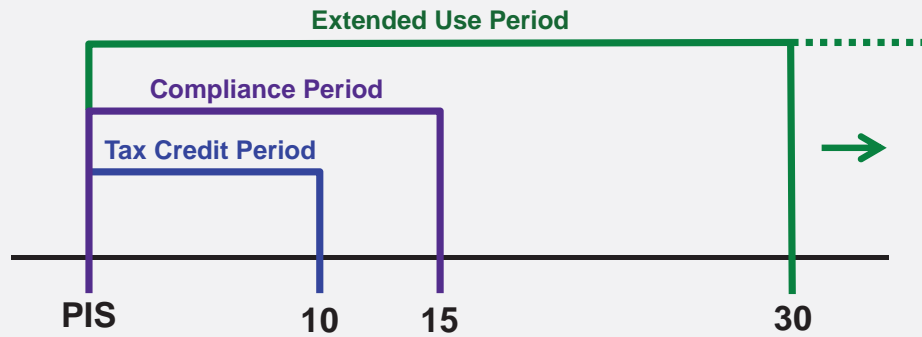


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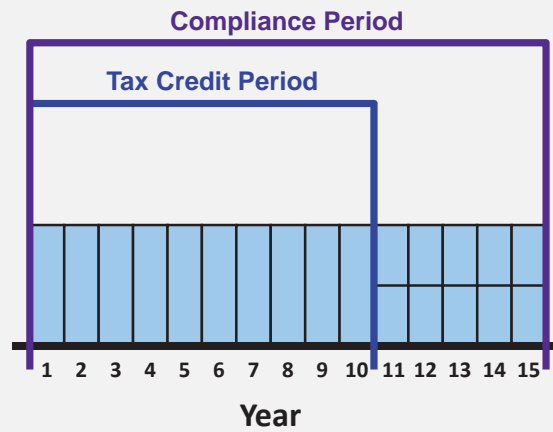
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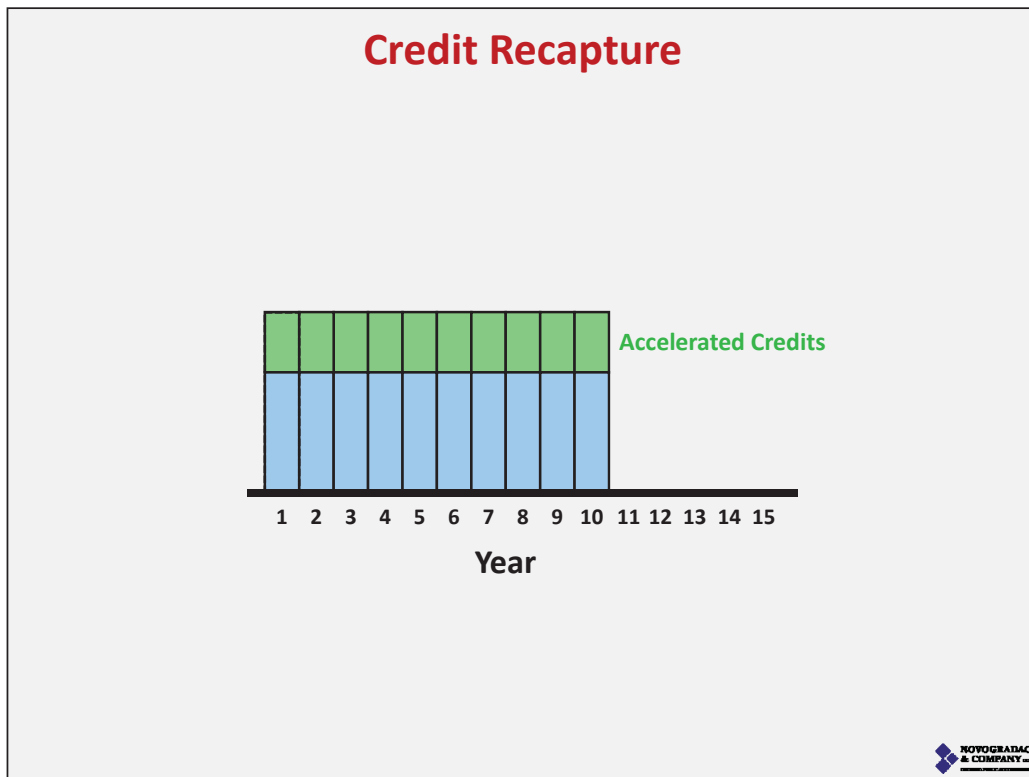


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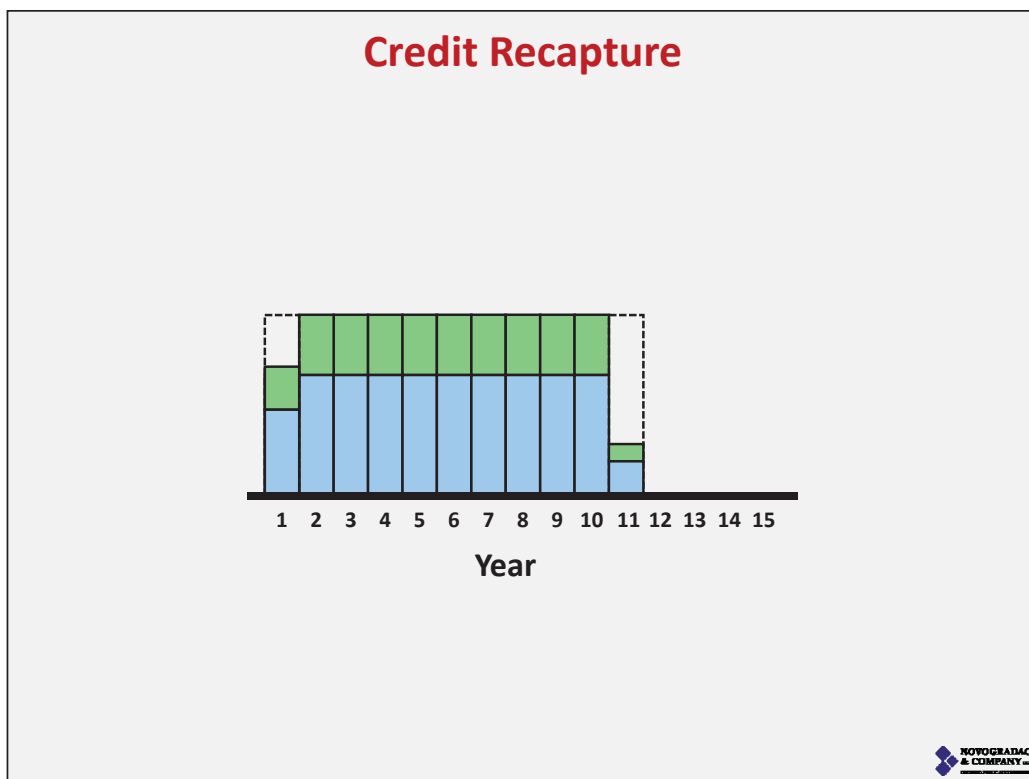
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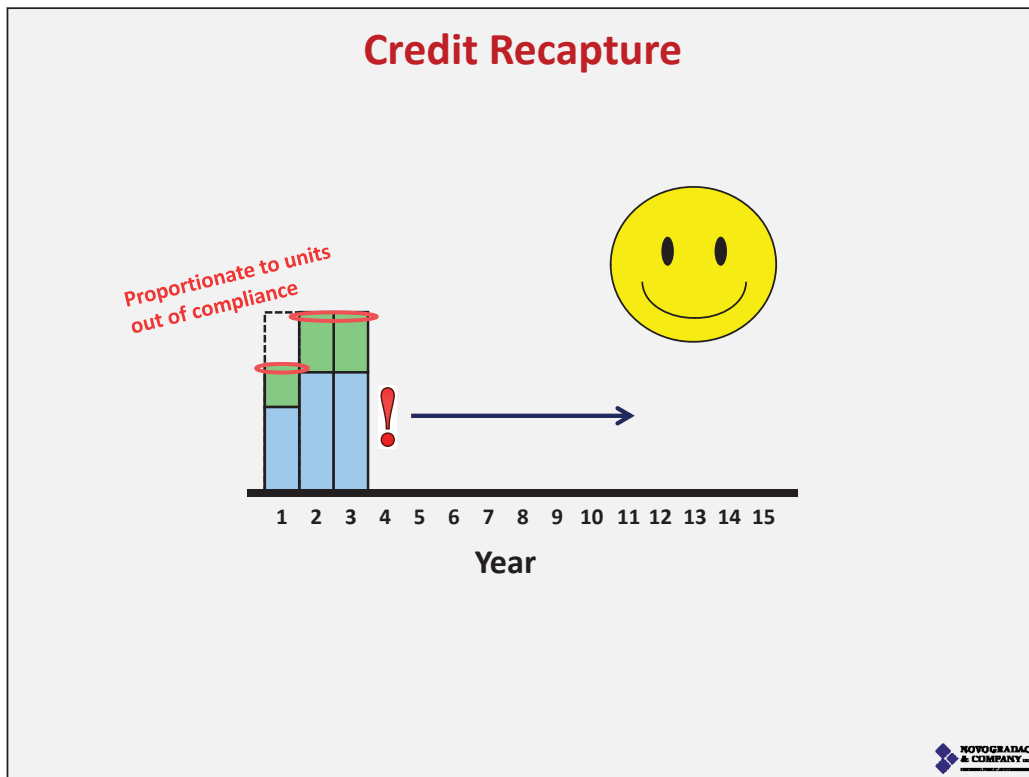
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