How the Low Income Housing Tax Credit Works

- Tax credits used by developers to bridge building costs because quality, affordable homes cost the same as market rate homes but rents are lower.
- Each state allocates housing tax credits from IRS based on population.
- Developers apply for tax credits and projects are selected based on competitive application criteria.
- Developers build homes people earning 60% or less of Area Median Income can afford and infuse millions into local economy.
- Developers convert tax credits into cash by selling them to private entities who use them to offset tax liability.
- State housing agencies select projects to award tax credits to.
- Homes for people with 60% or less of Area Median Income.