

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