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Low-Income Housing Tax Credit Utilization and Syndication

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Before the
Subcommittee on HUD/Moderate Rehabilitation Investigations
Committee on Banking, Housing, and Urban Affairs
United States Senate

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Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to assist the Subcommittee in analyzing the utilization of the low-income housing tax credit program. Today, I would like to discuss three issues. First, the amount of low-income housing tax credits allocated to states and awarded to projects for calendar years 1987 through 1989 and the number of low-income housing units developed in connection with these awards. Second, the syndication process used to assist in raising capital to finance low-income housing projects that have been awarded tax credits. And, third, the net amount of equity capital raised through the syndication of projects awarded tax credits relative to the amount of the credit award.

Tax credits are intended to induce investors to supply equity for low income housing. Since the low-income housing tax credit program began in 1987, award and use of the credits has steadily increased from about 20 percent of the total amount allocated to states in 1987 to about 98 percent of the allocation in 1989. By the end of 1989, about $565 million worth of initial-year credits had been awarded in connection with the development of approximately 236,000 low-income housing units. The credit program now represents the federal government's primary subsidy for encouraging low-income housing production.

Syndication is the process of structuring financial arrangements to secure cash from outside investors. Most tax credit syndications have been conducted as public offerings with limited partnership interests in tax-credit-eligible projects being sold to individual investors. A number of syndications, however, are being conducted as direct placements, usually to corporate investors.

When tax credits are used, as with any federal assistance mechanism, costs are incurred that are necessary to attract and manage funds. When the federal government issues tax credits, it

incurs a tax expenditure equal to the tax revenues foregone. For low-income housing development, some of the tax expenditures are used to attract equity capital so that investors can realize a competitive rate of return. The capital raised in this manner, however, is not completely available to directly invest in low-income properties. Expenses incurred to sell the partnership interests and certain fees for acquiring the properties are paid for out of investors' equity which reduces the amount available to fund the projects.

PROGRAM BACKGROUND AND
TAX CREDIT UTILIZATION, 1987-89

As you know, the Low-Income Housing Tax Credit Program was created in the Tax Reform Act of 1986 and was intended to increase the supply of rental units for low-income families by using tax benefits to induce equity investment to buy, build, or rehabilitate such housing. Projects that were awarded credits prior to 1989 had to be used as low-income housing for a 15-year period or they were subject to recapture of a portion of the credit award. However, because of uncertainties about how the program worked and reservations about the usefulness of the program, initially few developers participated. With increased familiarity, tax credit usage has steadily grown, and now represents the federal government's primary low-income housing production subsidy.

Recently, Section 7108 of the Omnibus Budget Reconciliation Act of 1989 (P.L. 101-239) extended the program through calendar year 1990. This legislation permits the Treasury Department to redistribute unallocated credits to states that need them. It also extended from 15 to 30 years the maximum length of time that a credit-eligible project would have to be used for low-income housing. It also placed greater responsibility on state credit allocation agencies by requiring them to develop allocation plans for awarding credits. These plans are to set forth project

selection criteria, and selection preferences and priorities. The legislation did not, however, clearly place responsibility on either HUD or state agencies for monitoring credit recipients' compliance with program requirements. Officials of the Treasury Department told us that their compliance monitoring efforts would address normal tax audit procedures, but not focus on housing issues such as tenant eligibility or whether projects that received credits conformed to housing standards.

The amount of credits awarded by state agencies to projects is partly determined by calculating a percentage of the project's acquisition and rehabilitation costs. The credit award can vary depending on whether subsidized, or below-market rate financing or tax-exempt bonds are used for project development. In addition, numerous other considerations, such as the availability of unused credit allocation, determine the amount of credit ultimately awarded to a given project.

In 1987, the first full year of the tax credit program, states were authorized, on the basis of $1.25 of credit per capita, to allocate about $313 million in tax credits to eligible projects. However, only about $63 million in credits, or about 20 percent of the authorized amount, was awarded to about 34,000 housing units. In 1988, the use of credits had increased to about $202 million for assistance to about 78,000 units. By 1989, of a total authorization of $314 million, $307 million, or about 98 percent, was allocated to about 125,000 low-income housing units. For 1990 only, the per capita rate of credit for each state is 93.75 cents. Attachment 1 provides a summary of the use of credits for years 1987-89. Attachments 2 through 4 show the use of credits, by state, for the same period.

Also shown in the attachments are the types of projects assisted using tax credits. For the entire period from 1987 to 1989, nearly half of the credits awarded were used in connection

with newly constructed low-income housing; about one-fourth for substantial rehabilitation projects; and the remainder for either the acquisition or acquisition and minor rehabilitation of existing low-income projects.

According to information for calendar years 1987 and 1988, the only years for which this information is available, about 82 percent of the projects that received credits were small projects consisting of 50 or fewer units. In addition, about 62 percent of the projects that received credits also received other federal subsidies such as HUD Section 8 rental subsidies.

SYNDICATING LOW-INCOME HOUSING AND THE EFFECT OF PASSIVE ACTIVITY RULES

Reportedly over the past 20 years, most private investment in low-income housing has been through limited partnerships. In many instances, large investment houses accumulate a pool of funds from prospective investors and then look for projects to invest in. In other cases, a developer already has located a project and is looking for permanent financing. In either case, most financing generally comes from a bank or other lending institution in the form of a mortgage. The remainder of the private financing often comes from the sale of ownership shares to limited partners to whom tax benefits of the project are passed.

Often, large investment houses accumulate a pool of funds from prospective investors and look for projects to invest in. The process of creating and marketing limited partnerships to acquire, develop, or operate real estate investment property is called syndication. Limited partnership interests in tax-credit-eligible projects are usually sold to outside investors who, in the hope of realizing tax or other project benefits, invest in the project syndications.

Another way the market operates is that syndicators prepare a plan for the project(s) projecting cash requirements, development costs, cash income flows, projected deductible losses and depreciation (if any), and tax credits available to investors. The price of a share is then fixed at a level that provides investors with a projected return sufficient to induce them to participate given the risk associated with the deal. The shares are then marketed by making them publicly available through an underwriter or broker, or they are privately placed by the syndicator. In this manner, tax credits awarded to a project can be used to raise capital that the project developer can use to help finance the project. As we reported last August, these individual partnership sales can increase the developer's gains from the project.

An essential feature of any limited partnership is that the limited partner or partners have no role in day to day operations. This makes every limited partnership a passive activity for the purposes of the Internal Revenue Code. Special restrictive rules apply to the tax treatment of losses and credits produced by passive activities.

Under general principles of partnership law, limited partners may share, proportionately to their investment, in any profit or loss the partnership business produces. Accordingly, limited partners can deduct partnership losses and offset tax liabilities with any tax credit on their individual income tax returns. This led to the creation of many limited partnerships as tax shelters. The Tax Reform Act 1986 eliminated many tax shelters by prohibiting individuals from deducting losses derived from a passive activity.

However, the Congress created exceptions, including one for low income housing tax credits. Limited partners are allowed to deduct up to $25,000 in losses from residential rental property on

the basis of a lesser participation requirement.[1] Under a special rule, investors in low income housing tax credit partnerships are allowed to take the equivalent of a $25,000 deduction in tax credits derived from the same passive activity. A $25,000 deduction for a taxpayer at the 33% marginal rate would yield a reduction in tax liability of $8,250. Accordingly, the maximum low income housing tax credit that any individual can use, or is likely to seek in one year is $8,250.

The passive activity rules just described apply to individual taxpayers, but do not apply to most corporations. A corporate investor can make a larger investment because a corporation can receive and use passive losses without the limitations that apply to individuals. They can also use other passive tax benefits such as depreciation allowances and interest deductions not available to individuals. This is a reason most direct placements (large amounts of investment and related tax benefits offered to one or a few investors) are made to corporations.

Syndication Structures Vary Widely

Low-income housing tax credit syndications can be structured in many different ways. The simplest form consists of a developer who owns and develops a project and who creates a limited partnership in which he will participate as a general partner. With the assistance of a syndicator, the developer/general partner finds investors and offers them interests as limited partners. In a more complex and more typical arrangement, a two-tiered partnership is formed. The pool of investors brought together by

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[1] Originally, the entitlement to a deduction and to a low-income housing tax credit equivalent was phased out for taxpayers with incomes over $200,000 and reached 0 for taxpayers with incomes over $250,000. The 1989 amendments to the Code, however, lifted the phase out for low-income housing tax credits.

the syndicator is organized as a limited partnership, and that limited partnership in turn invests as a limited partner in one or more developer/project level limited partnerships.

Depending on the terms of the partnership arrangement, various costs, benefits, and obligations can be structured to meet the requirements of the various parties to the partnership. For example, some syndications may be structured so that all partners fully share in and distribute realized appreciation, or increase in value, (if any) of acquired properties at the end of the syndication period. Other syndications may limit the amount of appreciation limited partners may share in. On the other hand, some syndications may be structured to provide for a return of the limited partners' original investment at the end of the syndication period. Still other syndications may provide only for the distribution of annual benefits to the limited partners with no lump-sum repayment of investment at the end of the syndication period. In addition to these variations, many syndications are structured to allow for reduced payments of investment proceeds if specified project operating goals or targets are not met.

COSTS ASSOCIATED WITH SYNDICATING TAX CREDITS

Because of the myriad possible variations in the way individual syndications are structured, no two syndications are exactly alike, and it is difficult to characterize the "typical" syndication. In addition, precise cost data for low-income housing tax credit syndications is not available because the partnerships are usually formed for a 15-year period including the 10-year period over which awarded tax credits are used by eligible projects. Because the tax credit program has been in existence for only 3 years, no partnership formed to invest in credit projects has reached the end of its partnership term. Therefore, precise,

actual data on investor yields and some of the syndication costs cannot be known at this point.

However, two basic elements are associated with syndicating tax credits. First, equity must be raised by attracting investors who contribute capital, a portion of which is used as the downpayment on the projects' mortgages, in the expectation of receiving a return on their investment. To provide investors this expected return for incurring certain risks, the amount of equity invested will be less than the amount paid out in the form of tax credits, net operating cash proceeds, and any residual value of the property. Second, syndication transaction, or front end costs, such as selling commissions, offering, and organizational expenses must be paid. These commissions and expenses are for services such as advertising, legal advice, printing, accounting, and appraisals; and for other costs associated with acquiring real estate such as title insurance and mortgage loan fees.

Tax Expenditure Used to Attract Private Investor Capital

Private investors are willing to invest in a syndicated limited partnership because of their expectations about earning a return on their investment. This expected return is typically expressed as an estimate of an annual percentage rate of return, or yield for a specified amount of invested capital into the fund. For low-income project syndications, this rate of return is often (though, not always) assumed to come primarily from the tax benefits of the credits awarded to the project. The projects are usually heavily leveraged and often do not generate other significant sources of potential return on investment such as net positive cash flows from operations. In addition, some syndicators we talked to told us that they often assume a zero residual value at the end of the syndication period, particularly since the maximum compliance period has been extended to 30 years. Under

these assumptions virtually all the investors' return must come from the projects' tax benefits.

Under this type of syndication deal, for a payment into the fund, an investor expects to receive annual allocations of credits (over the 10-year term of the project's credit award schedule) that reduces the investor's tax liability in an amount that represents the value of his capital contribution plus an extra amount that represents the investors' expected return.

As an over-simplified example, let's discuss a hypothetical project that has been awarded $100 in tax credits to be paid each year over the next ten years. This award will make $1,000 worth of tax credits available over the next ten years. As previously noted, syndication funds are often large pools of funds that are amassed to purchase interests in many projects that individually conform to the yield expectations of the syndicators. However, to clearly demonstrate the concepts involved, we are using an illustration that consists of one hypothetical project.

For our example, we will assume that the project is a new construction project, has no residual value, has no other federal subsidy, and the tax credits are the only source of return on investment. In order for the hypothetical project to have been awarded $1,000 worth of tax credits, about $1,111 would have to be spent on the project's development, not including land costs. At the federal government's current cost of borrowing (about 8.5 percent average annual rate for 10-year Treasury Notes), the $1,000 in tax credits have a present value of $712.

With no other project benefits involved except the tax credits, in this example, an individual investor could realize a 13-percent rate of return (after-tax) by making a one-time payment of $613 in order to receive $100 worth of tax credits for each year for 10 consecutive years. Therefore, an immediate cost of raising

capital in this way is $99, which represents the difference between the present value of the credits and the price paid for them and is compensation for the investor for risk incurred.

On the basis of our preliminary work, we found that for public offerings, current yields to investors in low-income projects are projected to range from about 10 to 22 percent, depending on many factors such as the type of low-income housing involved, investor perceptions about projects' risk, and project financing structures. The higher the required projected yield, the less capital that will be raised from investors for the same amount of tax credits unless other project benefits, such as positive cash flows, contribute to the yield.

Transaction Costs for Public Offerings

Front end costs for syndications are paid from the amount of equity raised from investors. In a July 1989 report,[2] we found that the maximum allowable proportion of raised capital used to pay syndication fees and expenses varied considerably. Depending on the syndicator and complexity of the deal, the maximum allowable fees specified in partnership prospectuses varied from about 17 percent of the capital raised to about 34 percent for the 19 publicly-available partnerships we examined that marketed low-income housing tax credits. On average, the front end costs of syndications for low-income housing are projected to account for a maximum of about 26.5 percent of the capital raised. Actual costs are expected to be somewhat less than the maximum allowances. In addition, some syndicators also require a working capital reserve of 3 to 5 percent of the capital raised. According to industry analysts, the proportion of fees and expenses spent by publicly offered low-income housing tax credit partnerships are generally

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[2]TAX POLICY: Costs Associated With Low Income Housing Tax Credit Partnership (GAO/GGD-89-100FS).

within guidelines promulgated by the North American Securities Administrators Association, Inc.

Using our example above, and assuming a 3-percent working capital reserve requirement, about $182, or 29.5 percent of the $613 raised, would be required to cover the transaction costs associated with the syndication. For purposes of this example, these front end costs are assumed to be non-qualified credit expenses. Accordingly, out of an original $1,000 in tax credits with a present value of $712, $99 is the risk premium to attract capital from private investors; and $182 is the estimated front end cost. In this example, then, $431, or about 60.5 percent of the present value of the tax credits would be left and potentially available as equity financing for the project. (See flow chart on attachment 5). While this amount is significantly less than the present value of the project's credits, it can be viewed as leveraging $680 ($1,111-$431) of associated debt financing in order to bring the total capital investment into the project up to $1,111.

The amount of capital raised and potentially available for project development, however, is highly dependent on such factors as investor yield requirements, and assumptions about whether investors' initial capital contributions are returned to them at the end of the syndication. Using the same example above, let's now assume that investors would accept a 10-percent yield instead of 13, and that their initial capital contribution was returned to them at the end of the syndication period. Under these assumptions, the amount of capital raised would be $795, and with the same percentage of front end costs, the amount of capital raised that would be potentially available for the project would be $559. If investors required a 15-percent yield, capital raised and potentially available for the project would be $444.

Direct Corporate Placements

As in the case of public offerings, some portion of the value of the credits would be used to attract corporate investments in low-income housing syndications. However, for direct corporate placements, expected investor yields typically consist of at least two components. First, because the corporate investor is usually exempt from passive activity restrictions, any purchases of low-income housing tax credits are fully usable by the corporation to reduce its corporate income tax liability. Second, unlike individual investors, corporate investors can also fully use any project operating benefits, such as depreciation and interest deductions, as a reduction of any corporate income. Therefore, unlike individual investors, corporate investors in low-income housing can benefit from two separate tax subsidies--the tax credits and the passive activity deductions.

We were told that, because they have more investment options and opportunities than individual investors, corporate investors generally seek higher yields from their investments than individuals. When investing in tax credit projects, corporate investors can typically realize higher yields for the same investment because they can also use other project benefits such as depreciation in addition to the yield attributable to the credits. Corporate investors we contacted told us that required total yields are projected to range from 15 to 20 percent.

Officials of organizations that usually syndicate projects using direct placements told us that the transaction costs for these deals were generally projected to be considerably less than for public offerings. They said that the transaction costs, as a percentage of the capital raised, ranged from about 8 to 15 percent, including a typical working capital reserve of 3 to 5 percent. Direct placement syndicators told us that their transaction costs were generally smaller than those of public

offering syndicators. They said that while certain costs, such as legal and accounting fees were comparable to the costs associated with public offerings, other costs, such as offering and selling expenses were considerably less when selling to a single investor.

We have performed limited work regarding the front end costs of direct placements to corporate investors for six partnership offerings. Four of these partnerships appeared to have fees and expenses as a proportion of equity that were similar to those of the publicly offered partnerships. Two of the six offerings had costs and fees lower than the other offerings. However, there was not sufficient information to account for the differences among fees and expenses.

CONCLUSIONS

Use of the low-income housing tax credit program has steadily grown since the program began, and the program now represents the nation's primary effort to encourage low-income housing production. The increased importance of the program requires that it be used as efficiently and effectively as possible. Recent legislative program changes, extending the program through calendar year 1990, also could enhance the program's effectiveness.

However, it is not possible to know in advance the amount of new housing construction or rehabilitation that will be generated by a given amount of tax credits made available. Each syndication will provide equity to support a single property or a pool of properties that will have widely varying yield structures. While tax credits will generate equity investments, and one can estimate the value of taxes foregone to attract the investments, and precise data on actual yields can only be known after syndications have been liquidated. Further, it is not known how many credit projects have an economic viability that would have generated equity investments in the absence of the tax credits.

Many issues associated with the use of the program will require further study to ensure that maximum program efficiencies are achieved. For example, at this point, many questions remain unanswered.

-- Can transaction costs be reduced so that more of the investors' equity is potentially available for project development? Can this be done without lessening syndicators' willingness to package deals?

-- What would be the implications of limiting tax losses by excluding corporate investors who receive more tax benefits than individuals?

-- How do the costs and benefits of other financing approaches for low-income housing, such as direct grants, compare with a program such as tax credits administered through the U.S. tax code?

Answers to these and many other related questions should be known before any major housing policy financing initiatives are undertaken.

In any event, if the existing tax credit program is to be continued on either a temporary or permanent basis, it is important that adequate controls are developed to ensure that projects that receive credits are maintained and operated in accordance with program requirements. Projects that have been awarded credits should be carefully monitored to ensure that they continue to qualify for the annual credits by serving low-income families. Effective monitoring procedures, coupled with clearly defined responsibilities for compliance reviews and appropriate sanctions for non compliance, should be established to discourage program abuses.

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Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions that you or members of the Subcommittee may have.

NATIONAL SUMMARY OF TAX CREDIT ACTIVITY

	Year			
	1987	1988	1989	Total
Tax credit authority	$313,113,750	$303,887,310	$314,230,800	$931,231,860
Tax credit allocation *	62,885,954	202,227,453	307,320,726	572,434,113
Percent of authority used	20.08	66.55	97.80	61.47
Total/Units	38,164	91,062	133,887	263,113
Low-income credit units	34,491	77,825	124,518	236,834
Breakout of low-income credit units				
New Construction	14,455	33,947	62,590	110,992
Substantial Rehab	10,895	20,038	26,533	57,466
Acquisition / Rehab	2,595	13,073	21,962	37,630
Acquisition Only	6,546	10,767	13,433	30,746
Breakout of Low-Income Credit Units (percentage)	100.00	100.00	100.00	100.00
New Construction	41.91	43.62	50.26	46.86
Substantial rehab	31.59	25.75	21.31	24.26
Acquisition/rehab	7.52	16.80	17.64	15.89
Acquisition only	18.98	13.83	10.79	12.98

Source : National Council of State Housing Agencies / Urban Institute Low Income Housing Tax Credit Survey.

* This is the cost for the first year, this cost is incurred for each of the next 10 years.

STATE SUMMARY OF TAX CREDITS USAGE IN CY 1989

Agency	Authority	Percent used	Credit units
Alabama	$ 5,158,750	99.93	2,676
Alaska	641,250	71.06	375
Arizona	4,561,250	91.01	1,414
Arkansas	3,027,500	78.78	224
California	35,210,000	99.57	7,960
Colorado	4,112,000	99.67	1,514
Connecticut	4,017,500	100.00	587
Delaware	825,000	100.00	212
District of Col.	782,500	100.00	202
Florida	15,471,250	100.00	5,600
Georgia	8,001,250	100.00	3,179
Hawaii	1,366,000	100.00	268
Idaho	1,248,750	100.00	490
Illinois	9,372,842	99.52	3,407
Illinois-Chicago	5,021,900	100.00	1,866
Indiana	6,968,750	99.69	3,188
Iowa	3,500,000	100.00	2,099
Kansas	3,108,750	100.00	0
Kentucky	4,651,250	100.00	2,973
Louisiana	5,525,000	99.89	3,493
Maine	1,507,500	100.00	718
Maryland	5,805,000	100.00	1,880
MA., EOCD	7,391,250	100.00	1,534
Michigan	11,625,000	100.00	5,248
Minnesota	5,382,500	100.00	2,039
Mississippi	3,283,750	100.00	2,144
Missouri	6,424,000	99.85	3,260
Montana	1,005,944	38.56	135
Nebraska	2,001,250	100.00	966
Nevada	1,325,000	100.00	697
New Hampshire	1,371,250	80.58	424
New Jersey	9,650,000	100.00	1,889
New Mexico	1,887,500	100.00	886
New York HDC	1,300,000	100.00	89
New York DHCR	22,372,500	99.77	4,553

ATTACHMENT II

ATTACHMENT II

Agency	Authority	Percent used	Credit units
New York MLEAC	1,628,489	100.00	1,164
North Carolina	8,109,000	99.83	3,469
North Dakota	828,750	94.67	358
Ohio	13,590,000	99.01	9,414
Oklahoma	3,670,875	78.75	2,374
Oregon	3,426,250	100.00	1,506
Pennsylvania	15,033,750	100.00	5,227
Puerto Rico	4,115,000	88.74	1,076
Rhode Island	1,243,750	100.00	355
South Carolina	4,366,250	100.00	2,089
South Dakota	893,750	100.00	553
Tennessee	6,148,750	99.96	3,004
Texas	20,975,000	93.94	16,425
Utah	2,100,000	90.00	490
Vermont	695,000	100.00	461
Virgin Islands	140,000	90.23	48
Virginia	7,518,875	100.00	2,363
Washington	5,825,875	98.90	2,418
West Virginia	2,355,000	60.69	710
Wisconsin	6,072,500	100.00	2,800
Wyoming	590,000	4.67	25
Total	$314,230,800	97.80	124,518

Source : National Council of State Housing Agencies / Urban Institute Low-Income Housing Tax Credit Survey.

STATE SUMMARY OF TAX CREDITS USAGE IN CY 1988

Agency	Authority	Percent used	Credit units
Alabama	$5,103,750	23.14%	877
Alaska	656,250	0.00%	0
Arizona	4,232,500	76.89%	1,091
Arkansas	2,985,000	26.73%	559
California	34,578,750	54.63%	5,657
Colorado	4,120,000	85.01%	828
Connecticut	4,013,750	99.97%	1,032
Delaware	777,500	100.64%	819
District of Col.	805,000	45.42%	171
Florida	15,028,750	77.44%	4,716
Georgia	7,777,500	99.93%	3,658
Hawaii	1,353,750	3.40%	18
Idaho	1,247,500	101.60%	600
Illinois *	11,980,410	50.72%	1,957
Indiana	6,913,750	28.69%	478
Iowa	3,542,500	12.51%	414
Kansas	3,095,000	100.00%	1,054
Kentucky	4,658,750	52.41%	462
Louisiana	5,576,250	57.17%	2,543
Maine	1,483,750	90.00%	618
Maryland	5,668,750	100.00%	2,323
Massachusetts	7,318,750	100.00%	1,730
Michigan	11,500,000	88.78%	3,940
Minnesota	5,307,500	75.50%	1,700
Mississippi	3,281,250	36.39%	906
Missouri	6,378,750	95.41%	2,747
Montana	1,011,250	20.42%	102
Nebraska	1,992,500	85.66%	685
Nevada	1,258,750	57.51%	397
New Hampshire	1,321,250	68.12%	223
New Jersey	9,590,000	67.26%	1,552
New Mexico	1,875,000	100.00%	802
New York HDC			940
New York SDHCR *	21,281,250	100.00%	3,862
North Carolina	8,016,250	66.79%	2,635

ATTACHMENT III

Agency	Authority	Percent used	Credit units
North Dakota	840,000	5.27%	47
Ohio	13,480,000	54.09%	4,294
Oklahoma	4,090,000	42.06%	1,273
Oregon	3,405,000	99.90%	874
Pennsylvania	14,920,000	30.16%	1,519
Puerto Rico	3,995,650	92.18%	1,179
Rhode Island	1,232,500	100.00%	361
South Carolina	4,281,250	67.52%	1,759
South Dakota	886,250	29.31%	227
Tennessee	5,068,750	57.06%	1,455
Texas	20,986,250	50.31%	5,127
Utah	2,100,000	10.05%	99
Vermont	685,000	100.00%	274
Virgin Islands	140,000	96.34%	44
Virginia	7,380,000	82.09%	1,925
Washington	5,672,500	68.21%	2,032
West Virginia	2,371,250	76.52%	716
Wisconsin	6,008,750	90.15%	2,334
Wyoming	612,500	83.53%	190
Total	$303,887,310	66.55%	77,825

* Ill-Chicago DOH $7,600,000 and New York MLEAC $7,600,000 not included in state total authority

Source : National Council of State Housing Agencies / Urban Institute Low-Income Housing Tax Credit Survey

ATTACHMENT IV

STATE SUMMARY OF TAX CREDITS USAGE IN CY 1987

Agency	Authority	Percent used	Credit units
Alabama	$5,000,000	23.94	443
Alaska	670,000	9.30	22
Arizona	4,150,000	14.23	249
Arkansas	2,970,000	10.89	219
California	33,730,000	15.09	2,497
Colorado	4,080,000	95.75	1,581
Connecticut	3,990,000	11.92	191
Delaware	790,000	14.42	144
District of Col.	780,000	89.10	356
Florida	14,590,000	9.15	1,251
Georgia	7,630,000	19.93	1,342
Hawaii	1,330,000	0.00	0
Idaho	1,250,000	2.56	32
Illinois *	14,477,500	4.11	755
Indiana	6,880,000	11.67	413
Iowa	3,560,000	4.95	0
Kansas	3,080,000	67.37	1,263
Kentucky	4,660,000	41.55	1,899
Louisiana	5,630,000	25.68	1,041
Maine	1,470,000	14.31	96
Maryland	5,580,000	21.29	594
Massachusetts	7,290,000	58.87	1,361
Michigan	11,430,000	8.95	731
Minnesota	5,241,250	34.42	921
Mississippi	3,280,000	20.11	512
Missouri	6,330,000	29.38	1,065
Montana	1,020,000	61.11	170
Nebraska	2,000,000	15.99	176
Nevada	1,200,000	94.48	445
New Hampshire	1,280,000	3.10	31
New Jersey	9,525,000	14.43	378
New Mexico	1,850,000	43.46	323
New York HDC	7,600,000	100.00	917
New York SDHCR	22,220,000	5.42	1,059
North Carolina	7,910,000	17.02	741

ATTACHMENT IV

Agency	Authority	Percent used	Credit units
North Dakota	850,000	0.20	9
Ohio	13,440,000	16.95	2,146
Oklahoma	4,130,000	54.88	1,033
Oregon	3,370,000	9.90	310
Pennsylvania	14,860,000	8.90	1,145
Puerto Rico	4,090,000	0.00	0
Rhode Island	1,220,000	0.00	0
South Carolina	4,220,000	16.38	477
South Dakota	890,000	20.81	144
Tennessee	6,000,000	15.25	758
Texas	20,850,000	14.25	2,575
Utah	2,080,000	25.09	400
Vermont	680,000	15.13	97
Virgin Islands	140,000	0.00	0
Virginia	7,230,000	9.80	712
Washington	5,580,000	14.59	365
West Virginia	2,400,000	26.77	436
Wisconsin	5,980,000	21.09	592
Wyoming	630,000	2.24	74
Total	$313,113,750	20.08	34,491

* Ill-Chicago DOH $7,600,000 not included in state total authority

Source : National Council of State Housing Agencies / Urban Institute Low-Income Housing Tax Credit Survey

ATTACHMENT V

Tax Credit Project Syndication Funds Flow Chart