Understanding the Low-Income Housing Tax Credit Program

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UTAH HOUSING CORPORATION

LIHTC Concepts



The LIHTC program is part of the Tax Reform Act of 1986 to encourage the construction and rehabilitation of affordable rental housing



It is a tax subsidy program for the development and rehabilitation of affordable rental housing



Credits are awarded to private sector developers whose projects conform to state and federal priorities



Awards of credits are governed by the Qualified Allocation Plan

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30% AMI 40-100% AMI >120% AMI

LIHTC

Income Limits

LIHTC Income Limits for 2026 (Based on 2026 MTSP Income)	Salt Lake County			
Charts	60%	40%	50%	Next Available Unit Rule 140%
1 Person	$52,980	$35,320	$44,150	$74,172
2 Persons	$60,540	$40,360	$50,450	$84,756
3 Persons	$68,100	$45,400	$56,750	$95,340
4 Persons	$75,660	$50,440	$63,050	$105,924

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Rent Limits

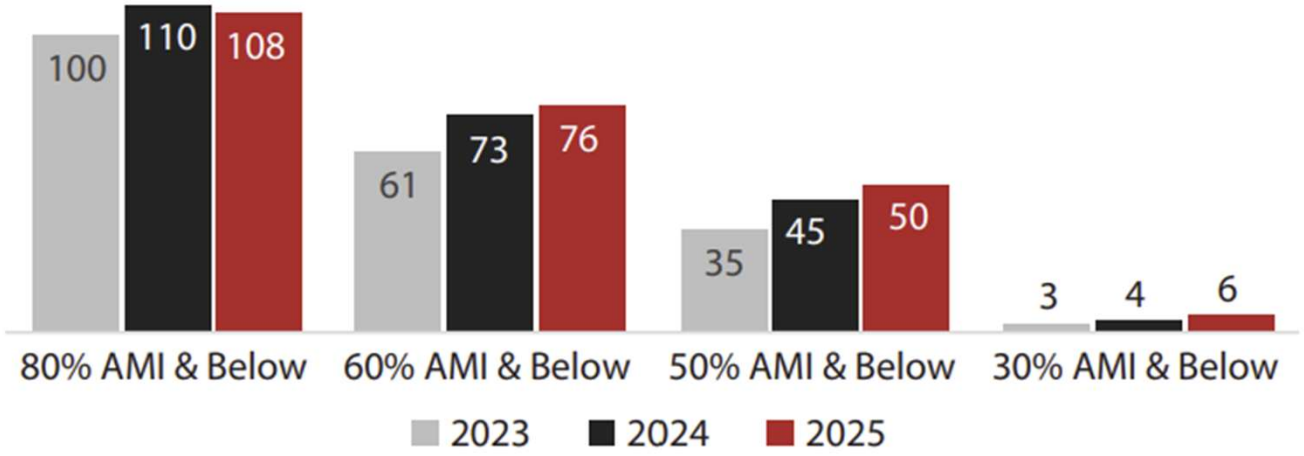
Rents are based on the number of **bedrooms** and do not fluctuate based on the number of persons living in the unit

LIHTC Rent Limits for 2026 (Based on 2026 MTSP Income)		Salt Lake County			
Bedrooms (People)	Charts	60%	40%	50%	FMR
Efficiency (1)		$1,324	$883	$1,103	$1,259
1 Bedroom (1.5)		$1,419	$946	$1,182	$1,456
2 Bedrooms (3)		$1,702	$1,135	$1,418	$1,747
3 Bedrooms (4.5)		$1,967	$1,311	$1,639	$2,333

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Affordable Housing Needs

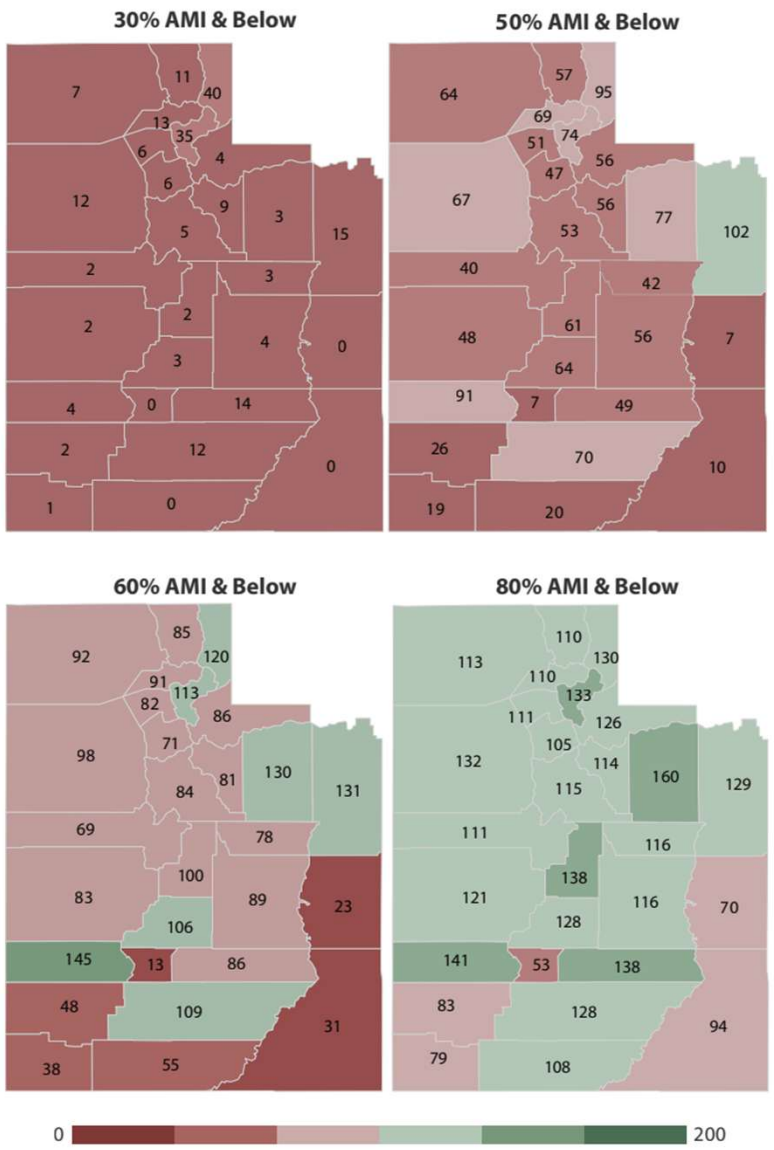
Figure 30: Number of Affordable Renter Units per 100 Utah Households by Area Median Income, 2023-2025



Note: See Appendix for detailed income and rent limits.
Source: Kem C. Gardner Policy Institute Affordable Housing Dashboard: https://gardner.utah.edu/affordable-housing-dashboard/

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Figure 31: Affordable Renter Units Available for Every 100 Utah Households, 2025

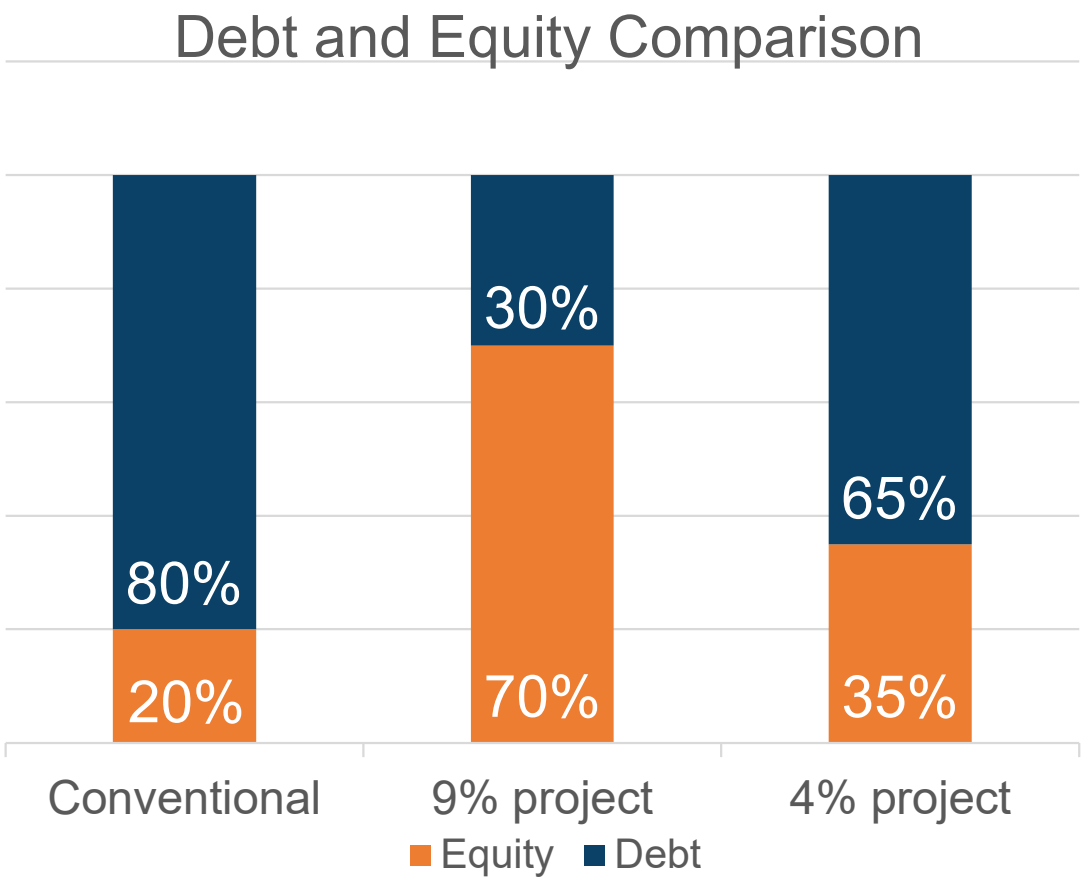


Note: See Appendix for detailed income and rent limits.
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Types of Tax Credits

9%	4%	State Tax Credits
• Competitive • 1 round per year • Limited amount, per capita formula	• Unlimited / Indirectly limited by available volume cap • Multiple rounds per year	• $10 million of annual credits each year through 2028 • Awarded in conjunction with 9% or 4%

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4% projects must use tax-exempt bonds to pay for 25% (min) – 30% (max) of project costs.

The tax-exempt debt comes from private activity bonds.

Multifamily Housing Development
39 Units

Conventional		Affordable
$17,666,700	Total Development Cost	$17,666,700
$3,533,340 (20%)	Equity	$14,323,967 (81%)
$14,133,360	Debt	$3,342,733
$87,829	Monthly Debt Service 7%, 40 year	$14,293
$2,252	Per Unit Share of Monthly Debt Service	$366

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Qualified Allocation Plan

The QAP establishes a method of allocating and monitoring Low Income Housing Tax Credit projects

- Promotes projects that most efficiently and effectively utilize the Housing Credits;
- Promotes projects that achieve a geographic distribution;
- Promotes projects that provide housing to tenant populations with children;
- Promotes projects that provide housing to seniors and tenant populations with special housing needs

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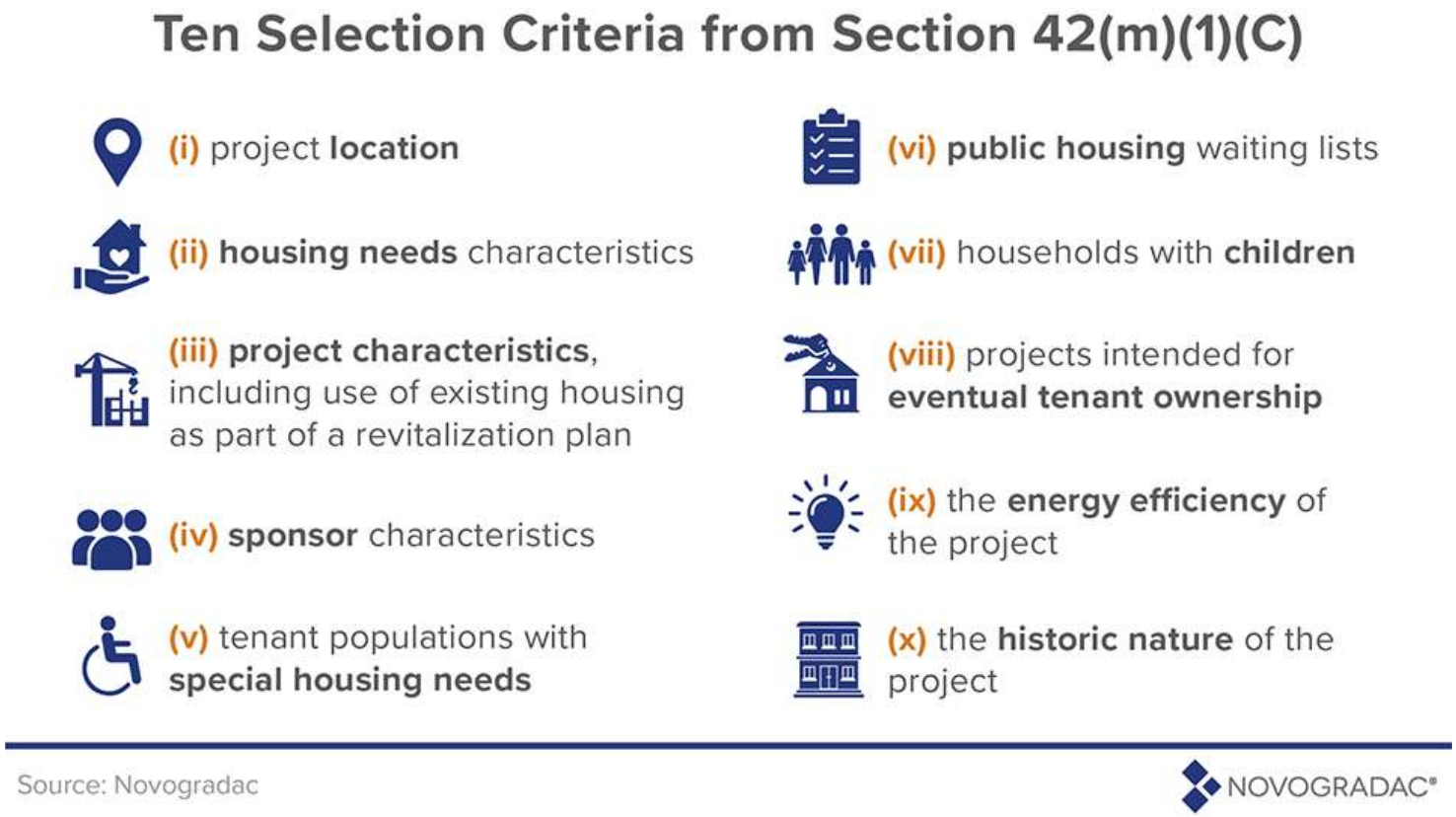
Qualified Allocation Plan

Annual approval process

The QAP is revised on an annual basis, using a multi-stage process:

- Ongoing input through one-on-one meetings with developers
- Professional input meeting(s)
- Staff analysis and revisions
- Public Hearing(s)
- Approval of UHC's Board of Trustees
- Approval and signature of the Governor
- Application Training

QAP Requirements



Project Preferences



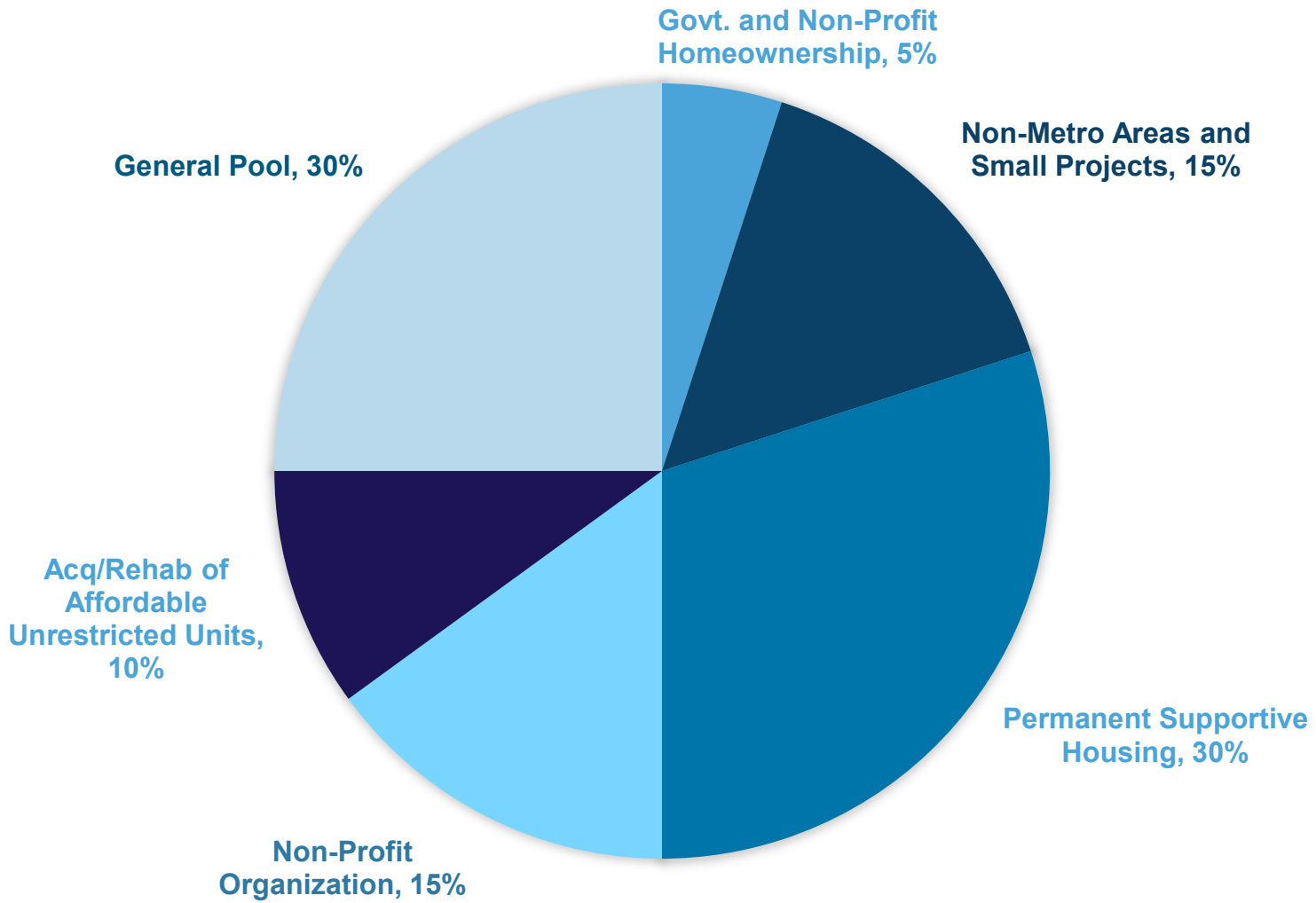
Pamela's Place, Salt Lake City

Set Aside units for Special Housing Needs:

- Accessible units
- Older persons
- Homeless or chronically homeless
- Persons with disabilities
- Maturing Foster Children
- Refugees
- Veterans
- Domestic Violence

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HOUSING CREDIT POOLS



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Land Use Restriction Agreement (LURA)

- Recorded at the close of construction
- Defines the…
  - Building Identification Number(s) (BIN)
  - Applicable Fraction
  - Restricted income/rents
  - Community Service Facility
  - Special needs set-asides
  - Extended use period
- Runs with the land.

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