



Comptroller of the Currency  
Administrator of National Banks  
US Department of the Treasury

# Community Developments *Investments*

## Investing in Low-Income Housing Tax Credits: A Sound Opportunity for Community Banks

Spring 2006

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Every year, for nearly the past two decades, low-income housing tax credits (LIHTCs) have been directly responsible for the construction or rehabilitation of more than 100,000 new affordable rental units for families in need. This popular federal program - which was created by the Tax Reform Act of 1986 - leveraged approximately \$7.5 billion in private equity capital in 2005 and has been the driving force behind much of the new affordable housing being produced today. Banks are important contributors to this success through their investments in LIHTCs. These transactions are typically organized as limited partnerships or limited liability companies, and banks make their investments through those entities.



Despite the effectiveness of this program, we have observed that many banks may be unfamiliar with the mechanics of investing in LIHTCs. This issue of **Community Developments Investments** focuses on how banks can earn a solid economic return on their capital and receive positive consideration toward their rating under the Community Reinvestment Act (CRA).

Full Story...

### Investing in Low-Income Housing Tax Credits

For community banks that may be unfamiliar with the concept, the low-income housing tax credit (LIHTC) program makes federal tax credits available to owners of affordable rental properties. The credits owe their existence to the



### How LIHTC Funds Can Help Banks Invest in Affordable Housing

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Tax Reform Act of 1986 and were intended to facilitate the development of low-income rental property. Since their inception, the program has been instrumental in the construction or rehabilitation of more than 1.6 million affordable housing units that otherwise might not have been built.

[Full Story...](#)

challenges employers, and contributes to the destabilization of entire neighborhoods.

Fortunately, certain tools are available to banks and others that can help to stem this loss. Chief among these, low-income housing tax credits (LIHTCs) provide a significant means of financing the creation of new affordable apartments while simultaneously helping to stabilize neighborhoods by improving quality and supply. LIHTCs were responsible for about \$7.5 billion of private investment in 2005, that will produce approximately 140,000 units with rents that stay within the reach of low- and moderate-income households for at least 30 years.

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**Camden Commons, in Preble County, Ohio, is an old schoolhouse rehabilitated into 14 units of housing for the elderly. Camden Commons was a LIHTC investment project of Ohio Capital Corporation, a member of National Association of State and Local Equity Funds.**

\$7.5 billion in private equity capital in 2005 and has been the driving force behind much of the new affordable housing being produced today. Banks are important contributors to this success through their investments in LIHTCs. These transactions are typically organized as limited partnerships or limited liability companies, and banks make their investments through those entities.

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In this edition of **Investments**, Michael J. Novogradac of Novogradac & Company LLP describes the fundamentals of LIHTCs in an article geared toward community banks new to this type of an investment. In a separate article, James Logue of the Great Lakes Capital Fund explains how state and local equity funds can help community banks spread the risk of investing in LIHTC projects in their state among many investors. These funds provide multiple services including loan underwriting and investment management.

An important incentive for community banks investing in LIHTC funds is that they may receive favorable consideration under the CRA for this activity. Banks can invest in LIHTC funds that provide benefits to a statewide or regional area that includes a bank's assessment area(s), even if there is no direct benefit to their assessment area(s), provided they have adequately addressed their local needs. Additionally, recent changes to CRA allow banks to target community development activities, including affordable housing investments in designated disaster areas, such as hurricane-stricken areas. The recently enacted "GO Zone" hurricane relief legislation also created additional affordable housing investment opportunities for

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banks by increasing the LIHTC allocations to Gulf States between 2006 and 2008.

National banks may invest in LIHTCs under the Part 24 community development investment authority. Banks needing information about the Part 24 authority can find the regulation, the CD-1 filing form, and answers to common Part 24 questions on the left-hand navigation bar on this page. A listing of national and regional tax credit funds, in which national banks have invested using Part 24 authority, and a list of LIHTC Internet resources are also provided on the navigation bar.

Other community development investment opportunities are described by the OCC's District Community Affairs Officers in our article "This Just In...OCC's Districts Report on New Investment Opportunities for Banks."

Thanks for visiting our e-zine. We hope we are providing you with useful information about community development investing. If you would like to share your thoughts about this edition or any community development topics we might cover in the future, please send me a note at the following e-mail address.

Barry Wides  
Deputy Comptroller  
Community Affairs  
[CommunityAffairs@occ.treas.gov](mailto:CommunityAffairs@occ.treas.gov)

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**Investing in Low-Income Housing Tax Credits**

By Michael J. Novogradac, Managing Partner, Novogradac & Company LLP

For community banks that may be unfamiliar with the concept, the Low-Income Housing Tax Credit (LIHTC) Program makes federal tax credits available to owners of affordable rental properties. The credits owe their existence to the Tax Reform Act of 1986 and were intended to facilitate the development of low-income rental property. Since their inception, the program has been instrumental in the construction or rehabilitation of more than 1.6 million affordable housing units that otherwise might not have been built.



Auburn Courts in Massachusetts is an example of multifamily housing developed with LIHTC investment funds from Massachusetts Housing Investment Corporation, a member of the National Association of State and Local Equity Funds.

**How Banks Benefit from LIHTCs**

The chief economic benefit derived from an LIHTC investment is the opportunity to claim a federal tax credit. The credit is earned over a 15-year period, but claimed over an accelerated 10-year time frame beginning in the year the property is placed in service and occupied. Since qualifying investments result in decreased tax liability, the economic return is not subject to state or federal taxation. Thus, the tax credits they generate are inherently more valuable than the same dollar amount of taxable income earned from an alternative investment.

Owners of LIHTC properties are also able to shelter taxable income from both federal and state taxation through deductions for depreciation. Additional state housing tax credits may be available in the state in which the LIHTC property is located, which can enhance investment returns even further. And as a final added benefit, regulated depository institutions, which are all subject to the requirements of the Community Reinvestment Act (CRA), may receive consideration for LIHTC investments in the determination of their CRA ratings.

Owners of LIHTC properties must maintain the property's low-income designation for a minimum of 15 years for the LIHTC to be fully earned. There is also a second 15-year extended compliance period effective for all projects receiving an allocation of credits after 1989. However, once the initial 15-year compliance period is complete, the Internal Revenue Service cannot recapture the tax credits, and investors can exit the partnership.

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## How LIHTC Investing Works

Banks seeking LIHTCs may purchase interests in entities (e.g., limited partnerships and limited liability companies) that provide bank investors with a stream of tax credits and losses generated by an underlying affordable rental property. LIHTC entities are structured as real estate partnerships under the Internal Revenue code (26 UCS 704(a)) in order for a bank to be considered a passive investor/limited partner to receive a distributive share of the tax credits and other passive losses. Investments can be made either directly or through a fund offered by a syndicator. Both options allow for differing degrees of investment size, asset diversification, compliance monitoring, and investment screening.

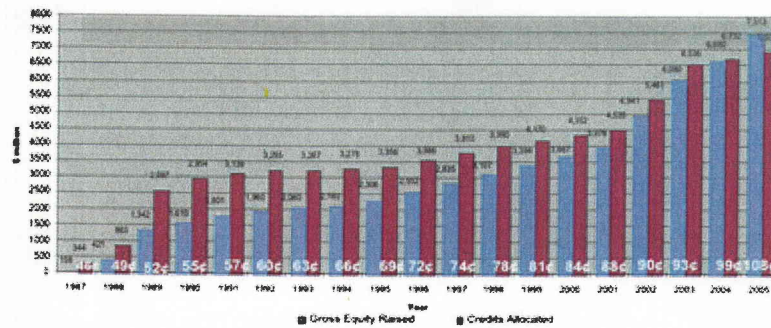
A direct investment is generally made by taking an ownership interest in a limited partnership; or limited liability company (LLC) that owns a LIHTC property. The investor must assume responsibility for all of the underwriting and compliance monitoring activities. An investor may have less flexibility in the amount of capital it would have to commit than if it were to invest in a diversified pool of properties. As such, this approach can be challenging for a community bank that wants to make its first entry into the LIHTC arena.

An alternative to direct investing is to invest in a fund established by a syndicator - a limited partnership (or LLC) that invests in numerous LIHTC properties. Unlike direct investing, where the bank would have to perform all due diligence itself, the syndicator generally offers to screen potential investments and monitor the ongoing compliance of the properties. Many syndicators offer multi-investor funds, allowing investors to purchase a slice of the fund, thereby offering greater flexibility in determining how much capital to invest. Most funds purchase partnership interests that own affordable rental properties in many geographic areas, which diversifies the investor's risk across several rental markets.

For investors making an investment through a syndicated fund, the minimum investment is set by the syndicator. Many state and local syndicators allow for investments of \$1 million or less. The amount of capital required for a direct investment in a LIHTC property will depend upon the size of the project.

Some syndicators offer guaranteed funds, in which the syndicator guarantees a minimum yield to the investor. If the fund does not provide the promised yield, the syndicator compensates the investor for the difference. Therefore, a guaranteed fund shifts the investment risk to the syndicator, with the bank's risk being tied to the creditworthiness and experience of the syndicator. With non-guaranteed funds, no performance guarantees are provided by the syndicator, and the bank would bear the investment risk. As would be expected, guaranteed funds generally offer lower yields than non-guaranteed funds.

## Credits Allocated and Equity Raised



¢ = average price paid, per tax credit dollar

Source: Richard Fierman, Ernst & Young LLP; LIHTC Equity Market Estimate, includes 9 percent and 4 percent credits

Click graphic for a larger image

## The Risks of LIHTC Investing

The principal risk of LIHTC investing is the loss of the tax credit itself and its recapture by the IRS - which means the investor would forfeit all or a portion of the previously claimed credits, plus interest, and might also have to pay a penalty. Owners of LIHTC properties must meet specific requirements during the planning, construction and operation of the property to claim the credits. Failure to meet many of these requirements, if remedied quickly, will not have an adverse impact on the property's tax-credit status. However, if certain requirements are not met, the property will lose all or a major portion of its potential tax credits. Two examples of how a LIHTC property could lose its tax credits would be the failure to maintain the necessary minimum number of low-income units, or to maintain its low-income status for the full 15-year compliance period.

Banks new to this arena will find that all of the fundamental underwriting considerations associated with LIHTC investing are also found in market-rate multifamily housing lending. Once a transaction meets a bank's underwriting criteria, a bank can then evaluate it from an investment perspective. For example, during the construction and lease-up phase (which generally lasts one to three years), a bank should consider all the sources and uses of construction financing and calculate the expected costs to be included in determining the tax credit. A bank must determine which of those costs are permissible to calculate the LIHTC correctly. [See the sidebar, Helpful Hints for First-Time Bank Investors.](#)

A bank should also calculate the property's ability to produce sufficient cash flow to cover operating expenses and debt service obligations from the point that the property achieves stabilized occupancy (generally after the completion of construction and lease-up) through to the end of the compliance period.

Special care should be taken to ensure that the rents to be collected are less than the rental limits required by the LIHTC program. If the project is unable to generate sufficient cash flow to cover its operating expenses and debt service obligations, the project should be restructured until this is achieved. Finally - and of ultimate importance - a bank should calculate its investment yield and make sure that it is comfortable with the transaction.

When done carefully, investing in LIHTC properties can provide banks with

significant economic and regulatory benefits, while also helping to strengthen the communities in which they do business. Over time, the tax credits have stimulated investments and leveraged equity for the development of more than 1.6 million affordable units. [[Click here to see how LIHTC credits have leveraged equity over 18 years.](#)] LIHTCs merit full consideration of any bank that is thinking of adding to its investment portfolio.

### Helpful Hints for First-Time Bank Investors in Low-Income Housing Tax Credits

- 1) Tax Planning:** Since LIHTCs are designed to shelter taxable income, prospective investors must be able to project some level of taxable income over the near term. Moreover, banks as investors should evaluate their exposure to the alternative minimum tax (AMT) since the tax credits may be used to reduce ordinary tax liability, but not their AMT liability. As a result, banks that expect to be subject to the AMT during the 10-year LIHTC credit period should carefully evaluate to what extent they will be able to use LIHTCs to reduce their overall tax liability when calculating their return on investment.
- 2) Liquidity:** The 15-year compliance period for LIHTCs requires that most investments be held for at least that long. If an investor wanted to sell its position prior to the end of the 10-year credit period, a secondary market provides them with an early exit mechanism. However, the market for LIHTC properties after the 10-year credit period has ended is much less robust. To avoid recapture of tax credits for investments sold before the end of the compliance period, the seller must post a bond with the U.S. Treasury Department or provide U.S. Treasury bills in an amount equal to the tax credits subject to potential recapture.
- 3) General Partner Due Diligence:** An investor in LIHTCs must be comfortable with the general partner. If a bank is investing in a fund, the syndicator is the general partner. If a bank is investing directly, the general partner is most likely the developer. Successful experience in developing LIHTC properties and assembling a fund are paramount to a successful partnership. The general partner is traditionally expected to provide investors with an unconditional guarantee of construction completion since an unfinished project will never produce tax credits. Because a partnership lasts 15 years, a bank should have confidence that the general partner will perform as agreed.
- 4) Know the Market:** All of the normal underwriting considerations for market-rate multifamily housing lending hold true when investing in low-income housing tax credits. Elements, such as site location within a neighborhood, market demand, rents and expenses, project financing rates and terms, and partnership offering terms in a competitive market are all important factors to evaluate when reviewing a potential investment opportunity. If a bank is investing through a fund, the bank will be relying on the syndicator to provide this information. In essence, a bank will be underwriting the underwriter.
- 5) Retain Good Advisors:** A project development team or fund syndicator involves many different players, including developers, contractors, architects, lawyers, and accountants. A first-time bank investor should retain experienced and independent third-party consultants to advise it throughout the process.



**6) Comparing Returns:** A bank should compare projected returns to actual returns in previous direct or fund investments. Any potential investor should make sure that the general partner delivered what it promised to other investors. Likewise, determine whether the projected return met a bank investor's hurdle rate for similar risk-adjusted investment vehicles.

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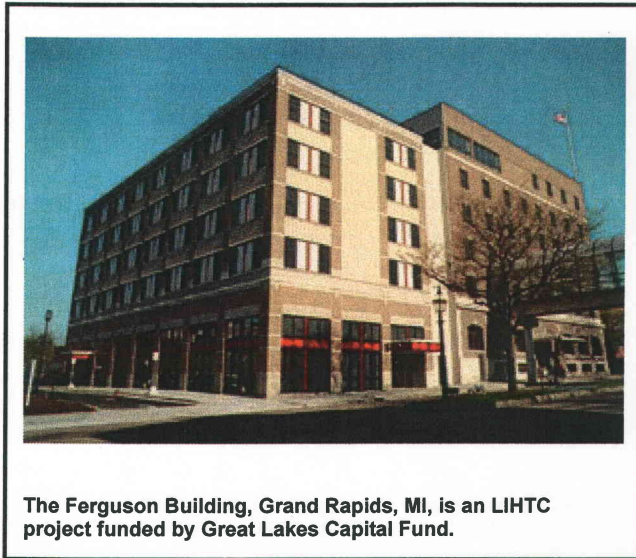
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**How LIHTC Funds Can Help Banks Invest in Affordable Housing**

By James L. Logue III, Chief Operating Officer, Great Lakes Capital Fund

More than 150,000 low-cost apartments leave the affordable housing inventory every year because of deterioration, rent increases, or abandonment. This loss of affordable housing takes a toll on low- and moderate-income families, challenges employers, and contributes to the destabilization of entire neighborhoods.



The Ferguson Building, Grand Rapids, MI, is an LIHTC project funded by Great Lakes Capital Fund.

Fortunately, certain tools are available to banks and others that can help to stem this loss. Chief among these, low-income housing tax credits (LIHTCs) provide a significant means of financing the creation of new affordable apartments while simultaneously helping to stabilize neighborhoods by improving quality and supply. LIHTCs were responsible for about \$7.5 billion of private investment in 2005, that will produce approximately 140,000 units with rents that stay within the reach of low- and moderate-income households for at least 30 years.

For bank investors, these credits offer a true "double bottom line" opportunity. In addition to the economic returns available to banks in the form of a credit that reduces their federal and state taxes, LIHTCs allow banks to earn positive consideration toward their regulatory ratings under the Community Reinvestment Act (CRA).

There are multiple ways in which banks can take advantage of these credits. Some banks invest directly in LIHTC developments (see the article in this edition of *Investments* by Michael J. Novogradac). Many other institutions participate in pooled investment funds, sponsored by state and local equity funds such as Great Lakes Capital Fund in Lansing, Michigan. State and local syndicators began to form equity funds during the 1990s to pool investment capital and match it with LIHTC projects in their service areas.

In the earlier years of the LIHTC program, syndicators offered annualized yields in the high teens. But as the investment community became more comfortable with the tax credit program and competition grew, yields have declined, but remained stable. Over the last few years, funds have been returning annualized yields of between 5 percent and 7 percent to investors.

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In addition, loans to housing tax credit properties operate with an average foreclosure rate of 0.02 percent on the underlying mortgages ([see the sidebar on LIHTC Investment Performance](#)).

These funds help spread the risk among many different investors and place the primary responsibility for monitoring the portfolio with the syndicator. For banks that are contemplating their first LIHTC investment, this may be the best approach to consider.

Across the United States, some 30 state or local funds provide investment capital to low-income housing developments. [The National Association of State and Local Equity Funds \(NASLEF\)](#), a professional nonprofit group formed in 1994 to promote greater understanding of affordable housing tax credits, has 22 members that have raised \$4.2 billion in equity capital and created or rehabilitated more than 73,000 affordable housing units.

Great Lakes Capital Fund (Great Lakes) is one such NASLEF member. Since the fund's founding in 1993, Great Lakes has raised more than \$850 million in investment capital and used this capital to create 12,000 affordable units in Michigan and Indiana. Building on its initial support from the Enterprise Foundation and the Enterprise Social Investment Corporation, the fund has developed a wide array of technical and financial services, including community and project planning, predevelopment financing, construction and permanent loans, and equity investments.

State and local equity funds, like Great Lakes, can play an important role in a bank's CRA compliance strategy. LIHTCs, as a component in a bank's compliance effort, enable the financial institution to spread its CRA investments efficiently across a large part of its service area. Investing in affordable housing through a fund also provides less experienced institutions with an important window into the real estate development process should they decide to make investments directly into tax credit projects. By their very nature, funds allow for financial institutions to funnel their investment dollars into the communities they serve.

A bank might also invest in LIHTCs through a fund with a "side-by-side" investment. If the bank is already an investor in a fund, this side-by-side would come in the form of an additional equity investment directly into a project, parallel to its investment through the fund. A bank could increase its investment in a specific project located in its assessment area in which it has a particular interest by providing a side-by-side investment of up to 49 percent with an equity fund ([see the sidebar on Typical Side-by-Side Investment](#)). As a current participant in a fund, this may allow a bank to achieve increased visibility and even greater CRA credit, while still relying upon the equity fund for underwriting and closing the investment and performing the long-term asset management function, including monitoring the project for compliance. Alternatively, a bank that has never participated in a fund may want to be a side-by-side investor in a local project included in a fund as a means to see how the fund is managed and to obtain CRA credit.

In one typical example of a side-by-side transaction, Great Lakes recently committed an equity investment of almost \$3.29 million to a 45-unit senior apartment complex in Grand Rapids, Michigan. Forty percent of that equity came from the community development corporation of a large commercial bank - which also provided a \$1.08 million first mortgage on the project. The side-by-side structure has worked well for Great Lakes' investors. To date eight banks have participated in 32 such transactions, representing nearly 15 percent of all the fund's transactions.

Side-by-side investments such as these provide a bank with additional

flexibility in the distribution of its investments. For example, a bank might identify a need for a higher level of investment in a given CRA assessment area than could be realized with the financial institutions' pro-rata share of the fund investment. It can make an additional side-by-side investment in a specific project in that CRA assessment area to meet its need, while still having the underwriting and asset management resources of the fund behind the project. By working with a fund, banks can proactively seek out investment opportunities with the support of the fund's network of developers.

A bank can go one step further and participate in the project by providing either construction and/or permanent financing. Regardless of how banks structure their LIHTC investments, these credits benefit the banks and the communities they serve.

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**Many Low-Income Housing Tax Credit Resources Are Available on the Internet**

The following LIHTC resources are available on the Internet:

- Affordable Housing Investors Council  
[www.ahic.org](http://www.ahic.org)
- Affordable Housing Tax Credit Coalition  
[www.taxcreditcoalition.org](http://www.taxcreditcoalition.org)
- Enterprise Foundation  
[www.enterprisefoundation.org/esic/taxcredits/what.asp](http://www.enterprisefoundation.org/esic/taxcredits/what.asp)
- Ernst & Young  
[www.ey.com/global/content.nsf/US/Real\\_Estate\\_-\\_Article\\_-\\_Copeman\\_-\\_Housing\\_Tax\\_Credit\\_Investments\\_-\\_Transcript](http://www.ey.com/global/content.nsf/US/Real_Estate_-_Article_-_Copeman_-_Housing_Tax_Credit_Investments_-_Transcript)
- National Association of State and Local Equity Funds  
[www.naslef.org/bestpractices.html](http://www.naslef.org/bestpractices.html)
- National Equity Fund  
[www.nefinc.org](http://www.nefinc.org)
- National Low Income Housing Coalition  
[www.nlihc.org/advocates/lihtc.htm](http://www.nlihc.org/advocates/lihtc.htm)
- Novogradac & Company LLP  
<http://www.novoco.com/resource.shtml>
- Reznick Group  
[www.reznickgroup.com/sub\\_main.php?section\\_id=11&document\\_id=62&subpage=3](http://www.reznickgroup.com/sub_main.php?section_id=11&document_id=62&subpage=3)
- U.S. Department of Housing and Urban Development (HUD):  
[www.huduser.org/datasets/lihtc.html](http://www.huduser.org/datasets/lihtc.html)

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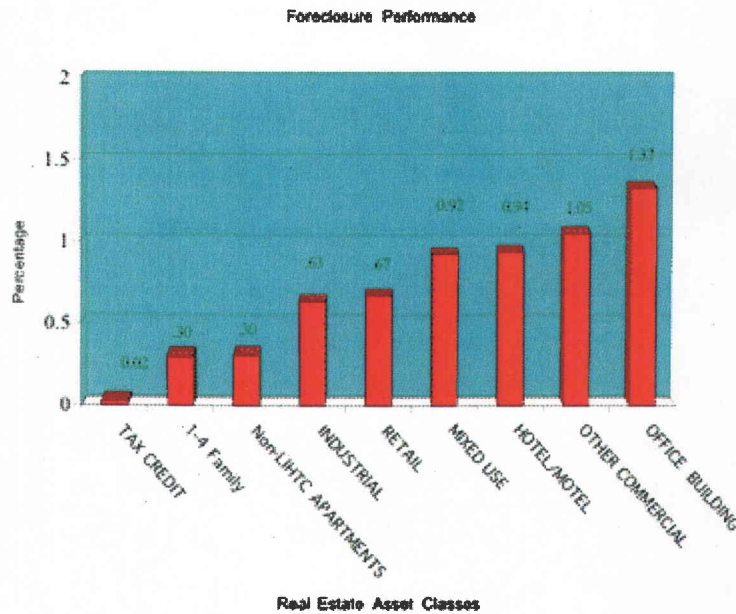
**LIHTC Investment Performance**

Performance of low-income housing tax credit properties and investments have remained stable according to a report published by Ernst and Young LLP, **Understanding the Dynamics III: Housing Tax Credit Investment Performance**. The report can be found at: <http://www.ey.com/us/taxcreditadvisory>.

Key findings from the report:

- Investment returns have been stable and provide, on average, benefits that are 2 percent higher than originally projected.
- Loans to housing credit properties continue to operate with a foreclosure rate below that of other real estate assets. As illustrated in the following chart, the average annual foreclosure rate on loans to properties receiving LIHTCs averaged 0.02 percent in 2004.
- From 2000 to 2004, median physical occupancy levels in LIHTC properties ranged from 96 to 97 percent.

**Average Annual Foreclosure Rate by Asset Class, 2004**



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**National Association of State and Local Equity Funds**

c/o Merritt Community Capital Corp.  
1736 Franklin St., Suite 600 Oakland, CA 94612  
Phone: (510) 986-1350 Fax: (510) 986-1353  
[info@naslef.org](mailto:info@naslef.org)  
Web: [www.naslef.org](http://www.naslef.org)

**NASLEF Active Members & Contact Information**

**Chicago Equity Fund/Illinois Equity Fund**  
Telephone: (312) 943-2266  
Fax Number: (312) 943-7994  
E-Mail: [william.higginson@cefief.com](mailto:william.higginson@cefief.com)

**Community Affordable Housing Equity Corporation**  
Telephone: (919) 420-0063 x208  
Fax Number: (919) 420-0019  
E-Mail: [dboole@cahec.com](mailto:dboole@cahec.com)  
Web: [www.cahec.com](http://www.cahec.com)

**Delaware Community Investment Corporation**  
Telephone: (302) 655-1420  
Fax Number: (302) 655-1419  
E-Mail: [DSchnider1@comcast.net](mailto:DSchnider1@comcast.net)

**Garden State Affordable Housing, Inc.**  
Telephone: (973) 639-7845  
Fax Number: (973) 623-5489  
E-Mail: [jmatara@newcommunity.org](mailto:jmatara@newcommunity.org)  
Web: [www.newcommunity.org](http://www.newcommunity.org)

**Great Lakes Capital Fund**  
Telephone: (517) 482-8555  
Fax Number: (517) 482-8598  
E-Mail: [capmac@capfund.net](mailto:capmac@capfund.net)  
Web: [www.capfund.net](http://www.capfund.net)

**Hawaii Investors for Affordable Housing, Inc.**  
Telephone: (808) 532-3114  
Fax Number: (808) 524-1069  
E-Mail: [slsur@lava.net](mailto:slsur@lava.net)  
Web: <http://www.hcrc-hawaii.org/>

**Homestead Capital**  
Telephone: (503) 276-1555  
Fax Number: (503) 276-1563  
E-mail: [dsp@homesteadcap.com](mailto:dsp@homesteadcap.com)  
Web: [www.homesteadcap.com](http://www.homesteadcap.com)

**Housing Vermont**  
Telephone: (802) 863-8424  
Fax Number: (802) 660-9034  
E-Mail: [andy@hvt.org](mailto:andy@hvt.org)  
Web: [www.hvt.org](http://www.hvt.org)

**Iowa Equity Fund**

Fourth Quarter 2005  
Part 24 Investments

Regulation and CD-1  
Form

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**OCC's  
Community  
Affairs  
Department**

(202) 874-5556

CommunityAffairs  
@occ.treas.gov

Articles by non-OCC  
authors represent  
their own views and  
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OCC.

Telephone: (515) 280-6000  
Fax Number: (515) 288-8443  
E-Mail: [jhrabe.ief@mheginc.com](mailto:jhrabe.ief@mheginc.com)

**Kansas Equity Fund, LLC**  
Telephone: (785) 267-1901  
Fax: (785) 267-1903  
E-mail: [BCaton.kef@mheginc.com](mailto:BCaton.kef@mheginc.com)

**Massachusetts Housing Investment Corporation**  
Telephone: (617) 850-1028  
Fax Number: (617) 850-1000  
Web: [www.mhic.com](http://www.mhic.com)

**Merritt Community Capital Corporation**  
Telephone: (510) 444-7870  
Fax Number: (510) 444-7874  
E-Mail: [BDeasy@merrittcap.org](mailto:BDeasy@merrittcap.org)  
Web: [www.merrittcap.org](http://www.merrittcap.org)

**Midwest Housing Equity Group, Inc.**  
Phone: (402) 334-8899  
Fax Number: (402) 334-5599  
E-Mail: [JRieker@mheginc.com](mailto:JRieker@mheginc.com)  
Web: [www.mheginc.com](http://www.mheginc.com)

**Mountain Plains Equity Group**  
Telephone: (406) 254-1677  
Fax: (406) 869-8693  
E-Mail: [sterhan@mpequity.com](mailto:sterhan@mpequity.com)

**Northern New England Housing Investment Fund**  
Telephone: (207) 772-8255  
Fax Number: (207) 772-8241  
E-Mail: [janton@housinginvestmentfund.org](mailto:janton@housinginvestmentfund.org)

**Ohio Capital Corporation for Housing**  
Telephone: (614) 224-8446  
Fax Number: (614) 224-8452  
E-Mail: [HKeller@occh.org](mailto:HKeller@occh.org)  
Web: [www.occh.org](http://www.occh.org)

**St. Louis Equity Fund, Inc.**  
Telephone: (314) 436-7810  
Fax Number: (314) 436-1907  
E-mail: [TimBarry@slefi.com](mailto:TimBarry@slefi.com)  
Web: [www.slefi.com](http://www.slefi.com)

**Virginia Community  
Development Corporation**  
Telephone: (804) 343-1200  
Fax Number: (804) 343-1043  
E-mail: [rmodine@vacdc.org](mailto:rmodine@vacdc.org)  
Web: [www.vacdc.org](http://www.vacdc.org)



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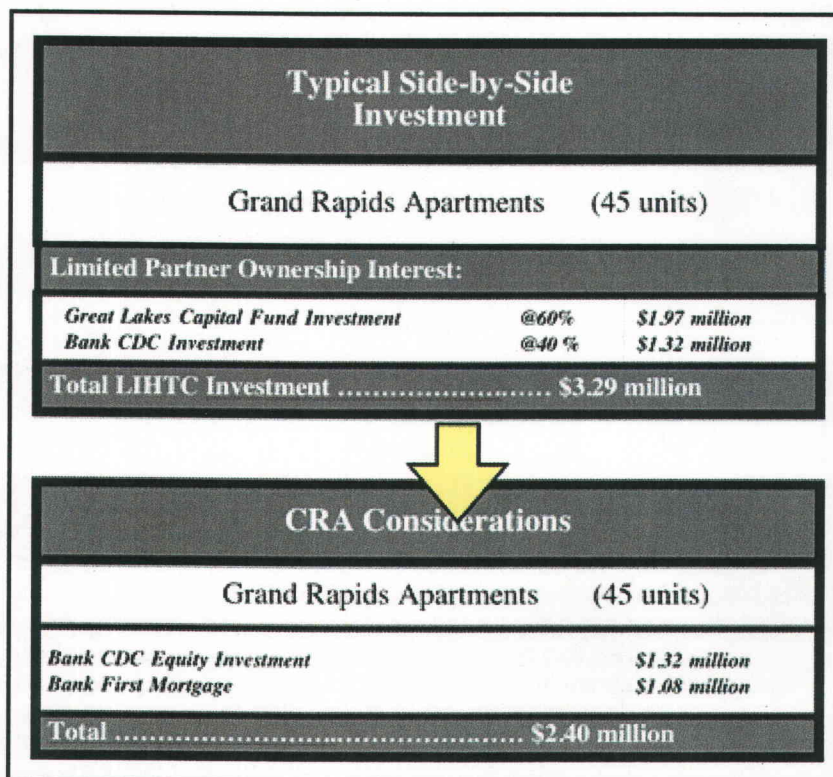
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**Why Side-by-Side Investing?**

Side-by-side investing, in which a portion of the investing dollars come from a low-income housing tax credit fund and a portion from an individual bank, allows a bank to play a larger role in an investment and to target investment funds within a precise geography. This can be of value to a bank looking to maximize its CRA efforts. The bank investor benefits include:

- The fund usually provides due diligence materials, in the form of an underwriting package, that a banker can take to a committee for review. This can be a significant **time and cost saver** for a bank that is inexperienced in underwriting these investments.
- The fund provides **administrative oversight** for the investment.
- The bank gets **additional CRA consideration** than it would with only an investment in the fund because the side-by-side investment is targeted to the bank's footprint. Because the CRA regulation has specific geographic requirements, banks must be able to demonstrate that their investments in funds actually benefit, or have the potential to benefit, their assessment areas. Statewide investments with the potential to benefit a bank's assessment would provide less qualitative CRA consideration than would an investment that directly benefits the assessment area.
- The bank has the advantage of **investing with an experienced CD investing partner**, the fund.



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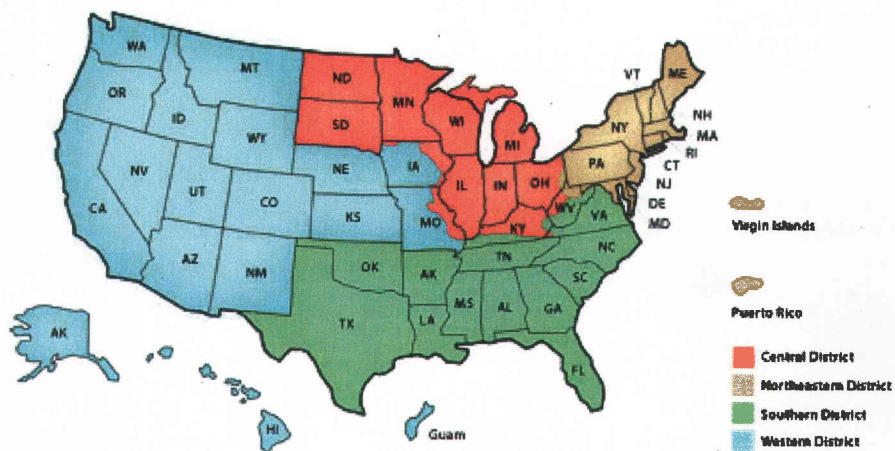
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**This Just In ... OCC's Districts Report on Investment Opportunities for Banks**

Looking for new investment ideas? In this article, OCC's district community affairs officers (DCAOs) report on financing initiatives and partnership opportunities in each of the OCC's four districts. DCAOs can provide more information about these and other community development investment opportunities. DCAOs can also consult with national banks in developing successful approaches to community development lending and service delivery approaches.

Click on the map below for the DCAOs in your district.



**Northeastern District**



**John Farrell (617) 482-1643  
Denise Kirk-Murray (212) 790-4053**

**Environmentally Sustainable and Energy Efficient Housing**

Boston Community Capital (BCC), a certified community development financial institution, and its partners in the Green Building Production Network are supporting the economic development of low-income communities throughout Massachusetts and the northeastern United States. They announced that four community organizations were awarded \$2 million in commitments to help build or renovate more than 800 units of mixed-income housing with state-of-the-art environmental and energy design features. The projects, located throughout the Boston metropolitan area, are in the Chinatown, Roxbury, Jamaica Plain, and Cambridge neighborhoods.

Financial institutions interested in investing in these developments, or

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Community  
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Department**

(202) 874-5556

CommunityAffairs  
@occ.treas.gov

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supporting BCC in other ways, should contact DeWitt Jones at (617) 427-3580 or visit BCC's Web site at [www.bostoncommunitycapital.org/](http://www.bostoncommunitycapital.org/).

**Connecticut Announces New Affordable Housing Investment Opportunity**

The Connecticut Housing Finance Authority (CHFA) announced a pilot program that will allow nonprofit organizations in Connecticut to acquire land and property for affordable housing. The Non-Profit Site Acquisition Program will provide capital to qualified nonprofit developers to finance the costs associated with taking an option and/or purchasing property to be used for affordable housing in Connecticut. With these funds, nonprofits can take advantage of opportunities, previously unavailable to them, and provide more affordable housing.

The Non-Profit Site Acquisition program leverages public and private funds and offers a new investment opportunity for financial institutions. The program will be funded through the sale of taxable bonds in which banks may invest. The rate on these bonds will be 1.5 percent, and the term of the bonds is five years. The fund will be administered by an intermediary organization, responsible for allocating the funds to the nonprofits that will acquire and develop properties. The selection of the intermediary organization is expected to occur by late summer, with the program ready for implementation in the fall of 2006.

For further information, contact Connecticut Housing Finance Authority at (860) 721-9501 or check out the organization's Web site at [www.chfa.org](http://www.chfa.org).

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**Central District**



**Paul Ginger (312) 360-8876  
Norma Polanco (216) 447-8866**

**The Midwest Assistance Program Loan Fund**

The Midwest Assistance Program Loan Fund (MAPLF) is a nonprofit organization that provides predevelopment loans to small rural communities in nine Upper Midwest States - Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, and Wyoming. Loans can be used for clean water and wastewater projects that serve lower-income populations. Borrowers from MAPLF are rural communities and other public water or wastewater authorities with less than 10,000 in population.

Established in 2003, MAPLF has closed seven loans totaling \$105,000, has \$250,000 more in process, and has sustained no losses. Loans have been made in four of the nine states in MAPLF's service region. MAPLF is an affiliate of the Midwest Assistance Program, which provides engineering, training, and other consulting services to help small rural communities plan and implement water and wastewater improvement projects. MAPLF typically funds projects that have multiple layers of funding, including grants

and loans from a variety of sources. Originally capitalized with \$100,000 from the Midwest Assistance Program, MAPLF also funds its loans with the proceeds of a federal grant, and is actively seeking new investors. Banks can participate by investing directly into MAPLF, by referring prospective borrowers that do not meet conventional credit criteria, and by structuring MAPLF into financing packages in which the banks would like to participate.

For more information, visit [www.map-inc.org](http://www.map-inc.org) or contact Tom Kopp at (952) 758-4334 or [tkmap@bevcomm.net](mailto:tkmap@bevcomm.net).

### **Appalachian Region's Progress Fund Expands**

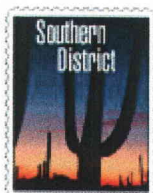
Tourism in the Appalachian region of Ohio is getting a boost from the Progress Fund, a certified community development financial institution (CDFI) lending needed capital and providing entrepreneurial coaching to small businesses in the travel and tourism industry.

Using a start-up grant of \$200,000 from the State of Ohio, the Progress Fund is expanding its service area, currently encompassing 39 counties in Pennsylvania and West Virginia, into the 29 counties of Ohio's Appalachian region. The Progress Fund supports the niche industry of tourism businesses, including bed and breakfasts, brew-pubs, general stores, restaurants, museums, and similar small businesses that attract and serve visitors in rural areas. The Progress Fund is currently seeking investors to capitalize its Ohio expansion. Investors are asked to invest a minimum of \$100,000 to help meet the organization's goal of a \$5 million fund by 2007. Terms are flexible and negotiated individually with investors. Examples of previous investment terms have included a non-amortizing, 10-year loan at below market interest rates.

To invest in any of the Progress Funds, please contact David Kahley, CEO, at (724) 529-0384, or visit it's Web site, [www.progressfund.org](http://www.progressfund.org).

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## **Southern District**



**Karol Klim (678) 731-9723 x252**  
**David Lewis (214) 720-7027**

### **Tampa Bay Black Business Investment Corporation**

The Tampa Bay Black Business Investment Corporation, Inc. (TBBBIC), a nonprofit community development financial institution, is a public-private partnership between local government and the corporate community. The TBBBIC provides technical assistance and financing for African-American owned start-ups and growing businesses in Hillsborough and Pinellas counties in Florida through the creation of a capital investment fund supported by local financial institutions. TBBBIC assists all small businesses in these counties by working through the Small Business Administration as well as other local programs.

The TBBBIC provides technical assistance to small businesses including advice on the business and marketing plan, preparation of loan packages, business and personal financial statement analysis and small business courses and seminars. TBBBIC offers direct loans for equipment, working capital, accounts receivable, contract financing, and loan guarantees up to the lesser of 50 percent of the loan or \$75,000. Currently, TBBBIC has 18 contributing members. Since inception, the TBBBIC has made nearly \$7 million in loans; which has produced 460 jobs.

For more information, contact Frances Wimberly at (813) 274-7925, or view the Web site at [www.tampabaybbic.com](http://www.tampabaybbic.com).

### **Enterprise Corporation of the Delta/HOPE Community Credit Union Offers Opportunity to Help Rebuild**

Enterprise Corporation of the Delta/Hope Community Credit Union (ECD/HOPE) is a partner for banks seeking to provide assistance in communities affected by Hurricanes Katrina and Rita. In the months since the hurricanes, cleanup and relief efforts continue, but increasingly the focus is shifting to rebuilding and planning for recovery of the affected areas. Tens of thousands of homes and businesses were destroyed or heavily damaged, displacing families, and disrupting lives. Banks can play a large and vital role in the rebuilding process.

ECD/HOPE can bring proven affordable housing, small business lending, and community development expertise to the victims of the hurricanes, as well as, participating financial institutions. ECD/HOPE is headquartered in Jackson, Mississippi, with offices throughout Arkansas, Louisiana, and Mississippi. ECD/HOPE is a nonprofit certified community development financial institution working to strengthen communities, build assets, and improve lives in economically distressed areas of the mid-South. It does this by providing financial and technical assistance to firms, entrepreneurs, homeowners and community development projects, and by forging strategic partnerships across the public, private sectors, and banks. Since its founding in 1994, ECD/HOPE has generated more than \$200 million in financing and assisted more than 13,000 people in economically-distressed communities in the region.

For more information on investment and lending opportunities and how your bank can partner with ECD/HOPE, contact Bill Bynum, chief executive officer, at (601) 944-1100.

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## **Western District**



**Susan Howard (818) 240-5175  
Dave Miller (720) 475-7670**

### **Individual Development Account Opportunity in Utah**

The Utah Individual Development Account Network (UIDAN) is a statewide

individual development account (IDA) program and a subsidiary of Utah Issues. Utah Issues is a 30-year-old nonprofit striving to improve the quality of life in Utah by seeking long-term solutions to poverty through various means, including asset-based community development. UIDAN was established in 2004 and, in its first year generated more than 30 savers with more than \$22,000 in combined funds from savings accounts and matched funds.

UIDAN proposes to match savers' deposits at a ratio of three to one. As with most IDA programs, UIDAN solicits investments for operating and matching funds. Program participation has expanded to include low-income urban, rural, and tribal communities outside of the original Salt Lake City service area. UIDAN plans to expand, again, into southwestern Utah.

For more information, contact Martha Wunderli, UIDAN's Coordinator, at [Martha@utahissues.org](mailto:Martha@utahissues.org).

### **Colorado Single-Family Mortgage Bonds**

The Colorado Housing and Finance Authority (CHFA) has developed a private placement bond program, collateralized by a pool of taxable single-family first and second mortgage loans targeted to low- and moderate-income homebuyers and homeowners, to support the efforts of Colorado banks to invest in affordable housing. This private placement bond program provides an investment opportunity for banks that may qualify for consideration under the Community Reinvestment Act. These bonds, though unrated, are additionally secured by CHFA's general obligation pledge.

CHFA's private placement bond program allows each bank investor to select the geographic coverage of its investment, the targeted income of the borrowers, and the size of their investment. CHFA will offer these private placement bonds on a semi-annual basis.

To learn more about these private placement bonds, please contact John Dolton at (303) 297-7328, or visit [www.colohfa.org](http://www.colohfa.org).

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