State of Oklahoma
Incentive Evaluation Commission
Oklahoma Affordable Housing Tax Credit Draft Evaluation

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Key Findings & Recommendations

Incentive Overview

The Oklahoma Affordable Housing Act was signed into law in June 2014.[1] The Act, administered by the Oklahoma Housing Finance Agency (OHFA), provides for the allocation of up to $4 million per year in State low-income housing tax credits. State credits under the program are used to (1) raise private equity to finance affordable housing for families and seniors; and (2) provide affordable rent for low-to-moderate income Oklahomans (typically those earning 60 percent or less of the area median income[2]). Credits are claimed annually over a 10-year period (beginning when the building is placed in service), are nonrefundable, and can be carried forward for two years. The state tax credit program generally mirrors the federal low-income housing tax credit program.

Retain, Reconfigure or Repeal: Retain

Key Findings

- **Number of projects and units funded by the program**: Between 2015 and 2021, a total of $27.9 million in state credits was issued. These credits helped fund 57 development projects to create more than 3,700 affordable housing units in Oklahoma.

- **Number and percent of low-income units in market-rate neighborhoods:** Prior to 2019, only projects in counties with a population of less than 150,000 residents qualified for state credits, effectively rendering projects in Cleveland, Oklahoma, and Tulsa counties ineligible (though projects in these counties could still qualify for federal credits). In 2019, HB 1411 eliminated this population restriction, and effective November 1, 2019, qualified projects can be located anywhere in the state.[3] Since that time, the state has issued credits for eight projects in previously ineligible counties: six in Oklahoma County and two in Tulsa County. Across these projects, the development of 794 low-income units was supported via the issuance of $5.3 million in state tax credits.

- **Percent of low-income population with/without access to affordable housing over time:** In the 2018 evaluation of this program, it was noted that Oklahoma's affordable housing shortage predominantly impacts those at the lowest income levels. At that time, only 49 affordable and available rental homes were available for every 100 extremely low income (ELI) renter households. The finding persists today and has, in fact, been exacerbated. As of 2022, just 46 affordable and available rental homes are available for every 100 ELI renter households.

Table 1: Number of Affordable and Available Rental Homes per 100 Renter Households

Household Type	2018	2022	% Increase/ (Decrease)
80% of AMI	106	106	0%
50% of AMI	73	74	1.4%
ELI Renter	49	46	-6.1%

Source: NLIHC

- **Percent of low-income renters served as a result of the program:** According to recent estimates, Oklahoma faces a shortage of 71,160 rental homes affordable and available for extremely low-income renters. Between 2015 and 2021, the program has helped to fund 57 projects – equal to 0.08 percent of the need.

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[1] Oklahoma Legislature, "SB 2128." Accessed electronically at http://webserver1.lsb.state.ok.us/cf_pdf/2013-14%20ENR/SB/SB2128%20ENR.PDF

[2] Area median income (AMI) is the median family income in a metropolitan or nonmetropolitan area.

[3] Oklahoma Legislature, "HB 1411." Accessed electronically at http://webserver1.lsb.state.ok.us/cf_pdf/2019-20%20ENR/hB/HB1411%20ENR.PDF

- **Economic activity associated with program funding:** The analysis of economic impacts via the IMPLAN input-output impact model indicates that an estimated 1,165 direct construction and finance jobs were created by the investments in housing as a result of state credits issued between 2015 and 2021. These jobs paid an estimated $395.1 million in cumulative wages over the six-year study period but are temporary jobs which end with the completion of construction activity. During this time period, an additional 538 jobs were supported through indirect business-to-business spending and induced spending by the construction workers. The following table illustrates the estimated economic impacts associated with the program.

Table 2: Economic and Fiscal Impact of State Affordable Housing Tax Credits, 2015-2021

Impact Type	Employment	Labor Income	Value Added	Economic Output
Direct	1,165	$395,127,746	$422,021,159	$620,154,309
Indirect	181	$57,831,655	$90,044,051	$187,293,120
Induced	357	$96,689,744	$175,690,785	$328,461,018
Total	**1,704**	**$549,649,145**	**$687,755,995**	**$1,135,908,447**

Source: PFM; IMPLAN 2022
Note: Employment is annual; economic activity and tax revenues are cumulative from 2015-2021

- **State return on investment:** Based on the activity described in the preceding bullet, new state tax revenues generated are estimated to be just under $26 million over the 2015-2021 time period, as follows:

    - Direct Effects: $10.8 million
    - Indirect Effects: $5.3 million
    - Induced Effects: $9.9 million

- **An assessment of whether adequate protections are in place to ensure the fiscal impact of the incentive does not increase substantially beyond the state's expectations in future years:** While total state funding per allocation year is capped at $4 million, the credit period is up to 10 years. As a result, the projects funded in the initial $4 million funding round in 2015 will collectively receive $4 million annually each year through 2024, for a total state investment of $40 million in forgone revenue.[4] The new projects funded in each subsequent funding round will also receive a total investment of $40 million over ten years. As a result, assuming all allocated credits are used to reduce tax liability, the total cost to the State will increase by $4 million annually between 2015 and 2024, when it will level out at $40 million per year.

An assessment of whether the incentive is being administered effectively: The decision by legislators to tie the State tax credit to the federal credit results in more efficient, streamlined, and accountable program administration. The administrative burdens to the State beyond those for administering the federal tax credit program are minimal.

Recommendations

- As discussed throughout this evaluation, the State has made multiple changes to the program, including several that were included as recommendations in the 2018 Commission report. Among the modifications are eliminating the 150,000 resident county population restriction, shortening the carry-forward period from five years to two, and, most recently, removing the requirement that state credits be a 1:1 match with federal credits on a project-by-project basis. Because housing development

[4] In the event that a project is not ultimately completed or otherwise becomes ineligible for funding, the credits may be retracted or retracted and the cost to the State would be reduced.

projects typically occur over a multiple-year period, the impacts of these changes cannot yet be assessed.

- In addition to these changes, the state should consider making the tax credits refundable instead of transferable. Critics of transferrable tax credits question whether it is good public policy for tax breaks to be sold to companies in industries the tax credits were not meant to incent. Additionally, selling the credits generally deflates their value, as they are typically sold by those companies at 85 to 90 cents on the dollar. Instead of making credits transferrable, it would be more impactful to make them refundable. Refundable credits provide a larger benefit to the original recipient at the same cost to the State, as these taxpayers would not sell them for less than full value.

Introduction

Oklahoma Incentive Evaluation Commission Overview

The Oklahoma Incentive Evaluation Commission (Commission) was created by House Bill (HB) 2182 of 2015 to produce objective evaluations of the State of Oklahoma's wide array of economic development incentives. The Commission is made up of five members appointed by the Governor, President Pro Tempore of the Senate and Speaker of the House of Representatives, along with representatives of the Department of Commerce, Office of Management and Enterprise Services and the Tax Commission.

Under the enabling legislation, each of the State's economic incentives must be evaluated once every four years according to a formal set of general criteria, including (but not limited to) economic output, fiscal impact, return on incentive and effectiveness of administration, as well as criteria specific to each incentive.

Since the Commission's inception, it has contracted with PFM Group Consulting LLC (PFM) to serve as the independent evaluator of each incentive scheduled for review in that year. PFM issues a final draft evaluation on each incentive with recommendations as to how Oklahoma can most effectively achieve the incentive's goals, including recommendations on whether the incentive should be retained, reconfigured or repealed. The evaluations are also to make recommendations, as needed, for any changes to State policy, rules or statutes that would allow the incentive to be more easily or conclusively evaluated in the future.

The Commission is charged with considering the independent evaluator's facts and findings – as well as all public comments – before voting to retain, repeal or modify each inventive under review. It then submits a final report to the Governor and Legislature. This incentive was last evaluated in 2018.

Summary of 2018 Evaluation Findings and Recommendations

Based on the preceding framework, significant findings and recommendations from the 2018 evaluation of the Oklahoma Affordable Housing Tax Credit are summarized in the following table:

Table 3: Summary of 2018 Evaluation Key Findings and Recommendations

Evaluation Category	Key Finding(s)
Overall Findings	- There is a need for increased affordable housing in Oklahoma, though the need is less pronounced than in many other states - Since the introduction of state credits, the number of new affordable housing projects funded in OK has increased - The average per-project and per-unit cost of new projects have both increased since the program was rolled out
Fiscal and Economic Impact	- The State program results in increased statewide economic activity, but it has a negative net economic impact
Future Fiscal Impact Protections	- By 2024, the State program will cost OK a total of $40 million annually (in terms of foregone revenue)
Administrative Effectiveness	- The decision to tie the state tax credit to the federal credit and process results in efficient, streamlined and accountable program administration
Retain, Reconfigure or Repeal	- Retain, with modifications
Recommendations	- Shorten the 10-year credit period for future allocations - Consider removing the statutory provision that precludes housing projects in Oklahoma's most populous counties from receiving funding - Consider making the tax credits refundable instead of transferable

Source: State of Oklahoma Incentive Evaluation Commission, Tax Incentive Evaluation Report 2018

Based on PFM's analysis and consideration of other factors, the Commission voted 5-0 to approve the recommendation made by PFM to retain the program and to modify the 10-year credit period to a 5-year credit period for future allocations. The Commission voted 5-0 to disapprove the recommendation that the tax credits be made nontransferable.

In 2019, HB 1411 eliminated the 150,000-population restriction on where the tax credit can be used and shortened the carry forward period from 5 years to 2 years.

2022 Criteria and Evaluation Approach

A key factor in evaluating the effectiveness of incentive programs is to determine whether they are meeting the stated goals as established in state statute or legislation and, as noted previously, the provisions of HB 2182 require that criteria specific to each incentive be used for the evaluation.

In the case of the Oklahoma Affordable Housing Tax Credit, the goal is to "expand the supply of new and affordable rental units and rehabilitate existing rental housing for qualifying households by stimulating private investment."

In addition to this goal and the general evaluation factors previously described, the Commission has adopted the following criteria to assist in a determination of program effectiveness:

- Number of projects and units funded by the program
- Program-funded projects as a share of all low-income housing production
- Number and percent of low-income units in market-rate neighborhoods
- Percent of low-income population with/without access to affordable housing over time
- Percent of low-income renters served as a result of the program
- Economic activity associated with program funding
- State return on investment

To conduct its 2022 review of the program, the project team conducted the following activities:

- Submitted data requests to the Oklahoma Housing Finance Agency, the Oklahoma Tax Commission, and the Oklahoma Insurance Department
- Reviewed and analyzed internal and external data and information
- Completed subject matter expert/internal stakeholder interviews with representatives from OHFA and the Tax Commission
- In collaboration with the Oklahoma City, Tulsa and State Chambers of Commerce, conducted external stakeholder interviews with industry representatives
- Benchmarked Oklahoma to other states

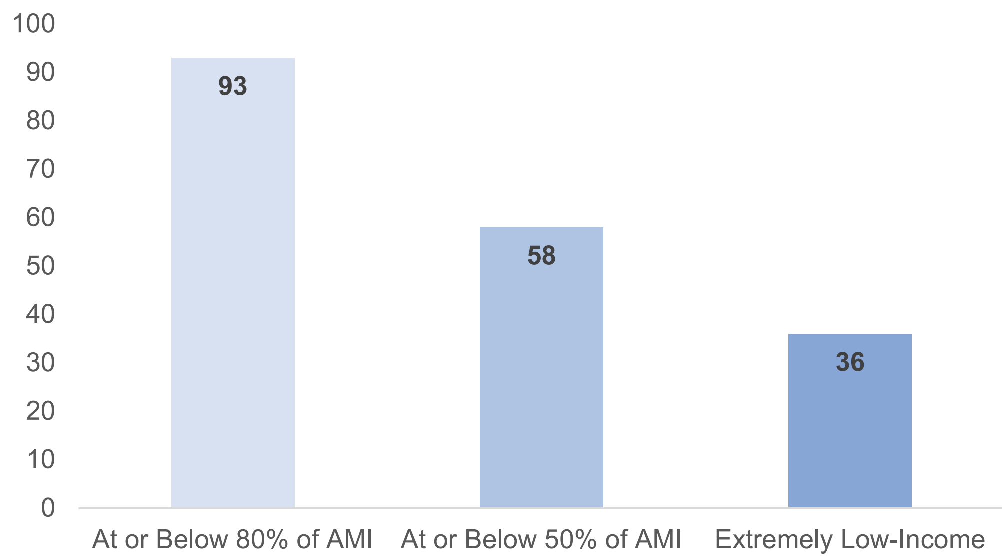
Affordable Housing Background

Affordable Housing Background

The United States has a long-standing shortage of rental homes affordable and available to low-income renter households.[5] An April 2022 study by the National Low Income Housing Coalition (NLIHC) found that, nationally, there is no state or county where a renter working full-time at minimum wage can afford a two-bedroom apartment.[6]

As shown in the following figure, the number of affordable and available rental homes that exist in the U.S. for every 100 renter households declines as incomes decrease. Extremely low-income (ELI) renters are hardest hit, facing a shortage of more than 7 million affordable and available rental homes for more than 10.8 million ELI families, and 70 percent of all ELI families are severely cost burdened (paying more than half of their income on rent).[7]

Figure 1: Number of Affordable and Available Rental Homes per 100 Renter Households in U.S.*



Source: NLIHC
** AMI refers to "area median income," the median family income in the metropolitan or nonmetropolitan area*

Affordable Housing in Oklahoma

Oklahoma's affordable housing shortage predominantly impacts those at the lowest income levels. While 106 affordable and available homes exist per 100 renter households at 80 percent of area median income (AMI), just 74 exist for households at 50 percent of AMI – and just 46 for ELI renter households. While there are more than 130,000 renter households in Oklahoma considered to be ELI (equal to 26 percent of total renter households), there is a shortage of more than 70,000 rental homes affordable and available to ELI renters.[8] Further, while the annual household income needed to afford a two-bedroom rental home at HUD's Fair Market Rent is just under $35,000 in Oklahoma, four-person ELI households in the state earn no more than

[5] The U.S. Department of Housing and Urban Development (HUD) considers housing to be affordable when housing costs (including utilities) account for no more than 30 percent of household income
[6] National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Homes," (April 2022). Accessed electronically at https://nlihc.org/gap
[7] ELI households have incomes at or below the poverty guideline or 30 percent of their AMI
[8] National Low Income Housing Coalition, "Housing Needs by State: Oklahoma." Accessed electronically at https://nlihc.org/housing-needs-by-state/oklahoma

$26,000.[9] Most ELI households in Oklahoma (67 percent) are severely cost burdened, spending more than half of their income on housing. Severely cost burdened poor households are more likely than other renters to sacrifice other necessities like healthy food and healthcare to pay the rent, and to experience unstable housing situations like evictions.

As shown in the following table, the share of Oklahoma's renter households considered to be ELI (26 percent) is comparable to neighboring states, which range from 22 percent in Colorado to 28 percent in New Mexico. Oklahoma's housing needs are also generally comparable to/within the range of these states with respect to other statistics, including the extent of the shortage in terms of number of rental homes available; the annual household income needed to afford a rental; and the percentage of ELI renter households who are severely cost burdened.

Table 4: Housing Needs Statistics by State, Select States (2022)

	% of Renter Households that are ELI	Shortage of Rental Homes Affordable & Available for ELI Renters	Annual Household Income Needed to Afford a 2-Bedroom Rental Home at HUD's Fair Market Rent	% of ELI Renter Households with Severe Cost Burden
Oklahoma	26%	-71,172	$34,539	67%
Arkansas	27%	-53,846	$30,965	63%
Colorado	22%	-114,378	$60,168	74%
Kansas	23%	-50,860	$35,176	68%
Missouri	26%	-119,353	$35,228	68%
New Mexico	28%	-39,999	$36,528	67%
Texas	23%	-614,487	$46,889	74%

Source: National Low Income Housing Coalition – 2022 State Housing Profiles

Notably, the affordable housing crisis has been exacerbated in recent years due to a variety of factors, including rising construction costs. The cost of lumber is the main reason for this issue. The price per 1,000 board feet of lumber was more than $1,500 in 2021, nearly three times the pre-pandemic record.[10] The shortage of construction workers has both increased construction costs and extended construction times, resulting in higher home costs. The National Association of Home Builders (NAHB) has reported that there are approximately 400,000 open construction positions, and that 740,000 workers need to be added to the industry per year (or 61,000 workers per month) to account for growth of the industry and retirements.[11]

Benefits and Economic Impacts of Affordable Housing

According to the NLIHC, housing is the key to reducing intergenerational poverty and increasing economic mobility. Research shows that increasing access to affordable housing is the most cost-effective strategy for reducing childhood poverty and increasing economic mobility in the United States. One study found that children who moved to lower poverty neighborhoods saw their earnings as adults increase by approximately 31 percent, an increased likelihood of living in better neighborhoods as adults, and a lowered likelihood of

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[9] National Low Income Housing Coalition, "2022 Oklahoma Housing Profile." Accessed electronically at https://nlihc.org/sites/default/files/SHP_OK.pdf

[10] The Pew Charitable Trusts, "Rising Construction Costs Stall Affordable Housing Projects," (April 25, 2022). Accessed electronically at https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2022/04/25/rising-construction-costs-stall-affordable-housing-projects

[11] The Washington Post, "Experts Predict What the 2022 Housing Market Will Bring," (January 10, 2022). Accessed electronically at https://www.washingtonpost.com/business/2022/01/10/2022-housing-market-predictions/

becoming a single parent. Moreover, children living in stable, affordable homes are more likely to thrive in school and have greater opportunities to learn inside and outside the classroom.[12]

Increasing access to affordable housing bolsters economic growth. Research shows that the shortage of affordable housing costs the American economy about $2 trillion a year in lower wages and productivity. Without affordable housing, families have constrained opportunities to increase earnings, causing slower GDP growth. In fact, researchers have estimated that the growth in GDP between 1964 and 2009 would have been 13.5 percent higher if families had better access to affordable housing. This would have led to a $1.7 trillion increase in income, or $8,775 in additional wages per worker. Moreover, each dollar invested in affordable housing boosts local economies by leveraging public and private resources to generate income (including resident earnings and additional local tax revenue) and supports job creation and retention.[13]

Introduction of Federal and State Low-Income Housing Tax Credit Programs[14]

Affordable rental housing projects often do not generate sufficient profit to warrant investment by private developers and investors. In light of this – coupled with the significant need for – and impediments to – affordable housing, the federal government deployed a Low-Income Housing Tax Credit (LIHTC) program in 1986. It is an indirect federal subsidy used to finance the construction and rehabilitation of low-income affordable rental housing.

The LIHTC gives investors a dollar-for-dollar reduction in federal tax liability in exchange for providing financing to develop affordable rental housing. Investors' equity contribution subsidizes low-income housing development, thus allowing some units to rent at below-market rates. In return, investors receive tax credits paid in annual allotments, generally over 10 years. Financed projects must meet eligibility requirements for at least 30 years after project completion.

The LIHTC is designed to subsidize either 30 percent or 70 percent of the low-income unit costs in a project via 4 percent and 9 percent tax credits: 4 percent tax credits (30 percent subsidies) cover new construction that uses additional subsidies or the acquisition cost of existing buildings; 9 percent tax credits (70 percent subsidies) support new construction without any additional federal subsidies.

Since the deployment of the federal program, many states have developed their own affordable housing tax credit programs to bolster the impact of the federal funds. State affordable housing tax credit programs, including Oklahoma's, generally piggyback on the federal credit. In these states, investors in the federal LIHTC program automatically receive the state credit to help fill gaps in development costs. The credit amount is typically linked to the federal LIHTC award in some way and limited to the amount needed to make the project work. Other states separate their tax credits programs from the federal LIHTC program, instead making state credits available to investors who do not receive the federal credit. Allocation decisions are based on a variety of factors, depending on the state's priorities.

The following chapter discusses Oklahoma's program.

[12] National Low Income Housing Coalition, "The Problem." Accessed electronically at https://www.nlihc.org/explore-issues/why-we-care/problem
[13] Ibid.
[14] Specifics regarding state-level programs are discussed in the Benchmarking chapter of this evaluation.

Program Usage & Administration

Incentive Characteristics

The Oklahoma Affordable Housing Act (SB 2128) became law in June 2014.[15] The Act, administered by the Oklahoma Housing Finance Agency, provides for the allocation of up to $4 million per year in state low-income housing tax credits and dictates that credits are to be used to (1) raise private equity to finance affordable housing for families and seniors; and (2) provide affordable rent for low-to-moderate income Oklahomans (typically those earning 60 percent or less of the AMI).

Eligible applicants for state credits include non-profit organizations, public housing authorities, for-profit entities and tribal organizations. Qualified projects must have been placed in service after July 1, 2015, and eligible activities include acquisition, substantial rehabilitation, and new construction.

Initially, only projects in counties with a population of less than 150,000 residents qualified for state credits, effectively rendering projects in Cleveland, Oklahoma, and Tulsa Counties ineligible (though projects in these counties could still qualify for federal credits). In 2019, however, HB 1411 eliminated this population restriction, and effective November 1, 2019, qualified projects can be located anywhere in the state.[16]

Since that time, the state has issued credits for eight projects in previously ineligible counties: six in Oklahoma County and two in Tulsa County. Across these projects, the development of 794 low-income units was supported via the issuance of $5.3 million in state tax credits.

Credits are claimed annually over a 10-year period (beginning when the building is placed in service), are nonrefundable, and cannot be used to reduce tax liability accruing prior to January 1, 2016. Initially, credits claimed but not used in a taxable year could be carried forward for five years; in 2019, however, HB 1411 shortened the carry forward period to two years.[17] State credits are transferable, and an insurance company may use the credits against state insurance premium tax or any other taxes imposed by Section 624 or 628 of Title 36 of the Oklahoma Statutes.

The state credit generally mirrors – and has historically been used in conjunction with – the federal LIHTC. Previously, the amount of the state credit for each approved project was equal to the federal low-income housing tax credit (LIHTC) allocation for the same project. However, SB 1685 of 2022 eliminated the one-for-one state-federal matching requirement effective November 1, 2022.[18] Instead, the state credit allocated to a project cannot exceed the federal credit allocation for the same project. This gives OHFA greater flexibility to maximize the allocation of state credits.

Due to the state program's conformity to the federal LIHTC program, state credits are subject to federal eligibility restrictions,[19] and credits (both state and federal) are subject to recapture if any violations of program requirements are discovered. In other words, if any portion of the federal tax credits is recaptured, this will trigger recapture of the proportionate amount of the state credit. This is particularly important with regard to compliance periods. In alignment with the federal program, state credits are claimed over a 10-year period but have a 15-year compliance period, meaning that the affordability must be preserved for 15 years in order to qualify for all 10 years of the credit. Effectively, a portion of the credits claimed in years 1 to 10 has not yet been earned.

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[15] Oklahoma Legislature, "SB 2128." Accessed electronically at http://webserver1.lsb.state.ok.us/cf_pdf/2013-14%20ENR/SB/SB2128%20ENR.PDF
[16] Oklahoma Legislature, "HB 1411." Accessed electronically at http://webserver1.lsb.state.ok.us/cf_pdf/2019-20%20ENR/hB/HB1411%20ENR.PDF
[17] Oklahoma Legislature, "SB 1685." Accessed electronically at http://webserver1.lsb.state.ok.us/cf_pdf/2019-20%20ENR/hB/HB1411%20ENR.PDF
[18] Ibid.
[19] For example, owners and managers of low-income housing tax credit properties must ensure residents meet eligibility requirements set forth by federal regulations under Internal Revenue Code Section 42.

Historic Use of State Credits

Between 2015 and 2021, OHFA allocated approximately $27.9 million in state affordable housing tax credits, providing funds for 3,723 housing units across 57 projects. This activity is summarized in the following table.

Table 5: State Tax Credits Issued and Related Development Activity, 2015-2021

	2015	2016	2017	2018	2019	2020	2021	Total
State Credits Issued ($M)	$3.9	$3.8	$4.0	$3.7	$3.8	$4.2	$4.5	$27.9
Projects	9	7	5	15	11	3	7	57
Units	460	374	352	821	527	650	539	3,723
$/Project	$432,477	$536,505	$800,000	$245,620	$343,101	$1,408,630	$646,214	$488,695
$/Unit	$8,462	$10,042	$11,364	$4,488	$7,162	$6,501	$8,392	$7,482

Source: OHFA

Of the 57 projects funded by state tax credits:

- 49 (86.0 percent) are 9 percent projects and 8 (14.0 percent) are 4 percent projects.
- 25 projects (43.9 percent) are for developments with 50 or fewer units, 24 (42.1 percent) are for developments with 51-99 units, and 8 (14.0 percent) are for developments with 100 or more units.
- Most developments (43, or 75.4 percent) are multifamily; an additional 11 (19.3 percent) are single family; and the remaining 3 (5.3 percent) are a combination of both.

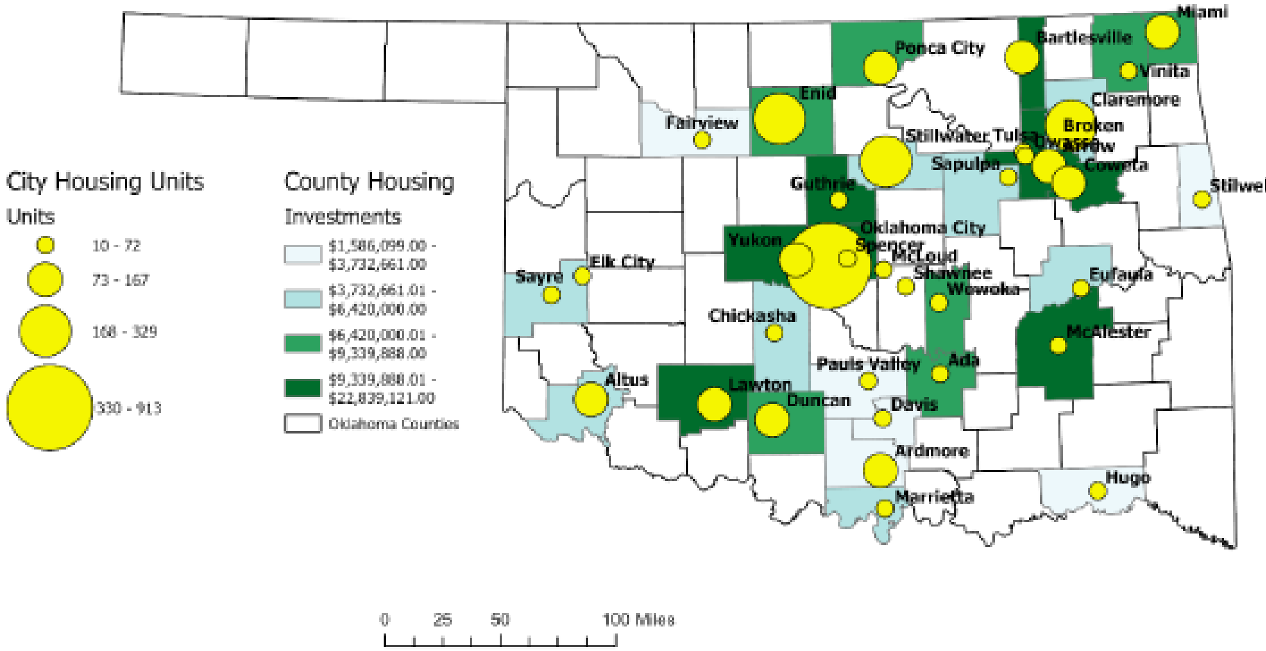
Of the 3,723 units developed as a result of the state tax credits:

- 2,967 (79.7 percent) are new construction, 543 (14.6 percent) are for acquisition/rehabilitation, and the remaining 213 (5.7 percent) are for a combination of both new construction and acquisition/rehabilitation.

These projects occurred in 35 communities and 30 counties across the state, illustrated on the following map:[20]

[20] Oklahoma Department of Commerce, “Oklahoma’s Affordable Housing Act Tax Credit – Economic Impact 2021,” (May 2022). Accessed electronically at https://okcoalition.files.wordpress.com/2022/06/2021-ok-housing-tax-credit-economic-impact-report.pdf

Figure 2: Affordable Housing Development Awards, 2015-2021



Source: Oklahoma Department of Commerce, Oklahoma's Affordable Housing Act Tax Credit – Economic Impact 2021

State Credit Claims and Transfer Activity

The following table displays the number of returns claiming the state credit, the aggregate value of the credits carried forward, and the amount used to reduce income tax for tax years 2016-2020.

Table 6: State Tax Credit Claims Activity, 2016-2020

	Number of Returns	Unused Credit Carried Over from Prior Year	Credit Established During Tax Year	Total Amount Claimed	Amount Used to Reduce Tax Liability
2016	8	$0	$14,259	$14,259	$2,551
2017	24	$1,893	$767,930	$744,582	$657,596
2018	37	$65,847	$1,824,977	$1,890,824	$506,453
2019	11	$115,348	$666,594	$781,942	$428,989
2020*	10	$81,794	$380,530	$462,324	$267,995

Source: Oklahoma Tax Commission
** 2020 figures are preliminary*

As mentioned previously, state credits are transferable, and an insurance company may use the credits against state insurance premium tax or any other taxes imposed by Section 624 or 628 of Title 36 of the Oklahoma Statutes.

Critics of transferrable tax credits question whether it is good public policy to sell tax credits to companies in industries that the tax credits were never meant to incent. Additionally, selling the credits generally deflates their value, as they are typically sold at 85 to 90 cents on the dollar. Instead of making credits transferrable, it may be more impactful to make them refundable. Refundable credits provide a larger benefit to the original recipient at the same cost to the State. The counterpoint is that transferring the credits turns them into immediate cash, which may be necessary for a project to be viable.

Table 7: Credits Transferred to Insurance Companies, 2016-2021

	2016	2017	2018	2019	2020	2021	Total
Companies	2	6	10	23	24	21	86
Amount Used ($M)	$0.2	$0.7	$1.7	$5.8	$6.5	$9.8	$24.7
Amount/Company	$78,956	$124,317	$174,403	$250,903	$271,192	$464,692	$1,364,462

Source: Oklahoma Department of Insurance

Annual Program Costs

As noted in PFM's 2018 evaluation of this program, while total state funding per allocation year is capped at $4 million, the credit period is up to 10 years. As a result, the projects funded in the initial $4 million funding round in 2015 will collectively receive $4 million annually each year through 2024, for a total state investment of $40 million in forgone revenue.[21] The new projects funded in each subsequent funding round will also receive a total investment of $40 million over ten years.. As a result, assuming all allocated credits are used to reduce tax liability, the total cost to the State will increase by $4 million annually between 2015 and 2024, when it will level out at $40 million per year. This concept is illustrated in the following table.

Table 8: State Tax Credit Cost, 2015-2024 (in Millions)

Cohort	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0
2		$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0
3			$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0
4				$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0
5					$4.0	$4.0	$4.0	$4.0	$4.0	$4.0
6						$4.0	$4.0	$4.0	$4.0	$4.0
7							$4.0	$4.0	$4.0	$4.0
8								$4.0	$4.0	$4.0
9									$4.0	$4.0
10										$4.0
State Cost	**$4.0**	**$8.0**	**$12.0**	**$16.0**	**$20.0**	**$24.0**	**$28.0**	**$32.0**	**$36.0**	**$40.0**

Incentive Administration

OHFA's oversight of the State tax credit program entails the following major activities:

1. **Determining eligibility.** Each year, Tax Credit Allocations (TCAs) are made available to eligible developers, including for-profit developers, nonprofits, public agencies, Native American tribes, private developers and local governments. TCAs may be for amounts less than applied for based upon OHFA's financial and feasibility analyses.

   Tax credits allocated annually to the State by the IRS are awarded to applicants selected though a formal application process governed by the Qualified Allocation Plan (QAP). The annual allocation made available to the State may be divided into various set-aside categories, including nonprofits,

[21] In the event that a project is not ultimately completed or otherwise becomes ineligible for funding, the credits may be retracted or retracted and the cost to the State would be reduced.

new construction, and rehabilitation. TCAs are awarded following a thorough review and financial feasibility analysis.

Federal law requires that the QAP give priority to projects that serve the lowest income households that remain affordable for the longest period of time. In order to be eligible for a LIHTC allocation (and therefore a state allocation), properties are required to meet certain tests that restrict both the amount of rent that is assessed to tenants and the income of eligible tenants. Historically, the “income test” for a qualified low-income housing project has required project owners to elect one of two income level tests, either a 20-50 test or a 40-60 test. In order to satisfy the first test, at least 20 percent of the units must be occupied by individuals with income of 50 percent or less of the area’s median gross income, adjusted for family size. To satisfy the second test, at least 40 percent of the units must be occupied by individuals with income of 60 percent or less of the area’s median gross income, adjusted for family size.[22]

The federal Consolidated Appropriations Act of 2018 added a third income test option that allows units to serve households earning as much as 80 percent of AMI, as long as the average imputed income limit of the property is 60 percent of less of AMI. Higher rents that households with incomes above 60 percent of AMI pay will have the potential to offset the lower rents for households living in units designated at lower income levels. According to OHFA, income averaging preserves rigorous targeting to low-income households while providing more and greater income-mixing potential.[23]

To qualify for State credits, projects must also qualify for federal credits by meeting the requirements established by HUD and Section 42 of the IRC.

2. **Application review.** After completing a review of all applications, OHFA forwards its preliminary review report to the contact person identified in the application. The applicant must provide OHFA with any information requested in the preliminary review report. OHFA considers the applicant’s response to the preliminary review report prior to issuing the final review report and making its recommendations to the Trustees. Applicants are informed of those recommendations prior to the meeting of the Trustees where the application is being considered.

3. **Allocation decisions and award process.** A total of $2 million of the State tax credits is available to those applicants applying for 4 percent credits and bond financing for new construction; the additional $2 million is available for those applicants applying for 9 percent tax credits for new construction and rehabilitation. The 4 percent applicants are ranked by performance on the 40-60 income test (i.e., the highest percentage of units to be occupied by individuals with income of 60 percent or less of AMI). If more than one development is in the same county, applications are ranked by highest number of proposed units. If there are still insufficient funds to fund all 4 percent applications with State tax credits, then a drawing is conducted. The applications for 9 percent State tax credits are ranked using the current selection criteria. Applicants applying for federal tax credits are not required to apply for State credits. If there are insufficient funds, the application is denied.

4. **Monitoring procedures.** Section 42(m)(1)(B)(iii) of the IRS Code mandates that state housing credit agencies monitor all placed-in-service tax credit projects for compliance with the provisions of Section 42. The Code also mandates that the IRS be notified by the state housing agencies of any instances of noncompliance. OHFA will also monitor for compliance with the Regulatory Agreement provisions

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[22] Congressional Research Service – An Introduction to the Low-Income Housing Tax Credit (March 28, 2018). Accessed electronically at https://fas.org/sgp/crs/misc/RS22389.pdf

[23] Oklahoma Housing Finance Agency – Income Averaging Amendment to 2018 QAP. Accessed electronically at https://www.ok.gov/ohfa/documents/OHFA%20Income%20Averaging%20QAP%20Amendment%20Board%20Final.pdf

which contain additional owner commitments made to receive points in the project selection process, such as additional low-income units or an extended use period. OHFA also monitors the documents and certifications set forth in 330:36-6-7(b) and (c) for compliance with the IRS Code. Provisions include:

   a. Record keeping and record retention provisions
   b. Certification and review provisions
   c. Auditing/compliance provisions
   d. Notification of noncompliance provisions

5. **Reporting.** As outlined in Oklahoma Statutes, the Oklahoma Affordable Housing Act is subject to review every five years by a committee of nine members. The Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives are each authorized to appoint three members to the committee.

While the program is administered by OHFA, the Oklahoma Tax Commission (OTC) processes State tax returns and addresses taxpayer questions regarding OTC rules for using the State tax credits. The owner of a qualified project receiving State tax credits submits, at the time of filing a tax return with the OTC, an Eligibility Statement from OHFA. The statement is issued and provided to the owner along with the 8609s for the project after all final cost certifications and accountant reports have been submitted to OHFA and OHFA has performed a final underwriting to ensure the final amount of credits the project is eligible to receive.

Economic & Fiscal Impact

Introduction

The independent analysis of economic and fiscal impacts described in this chapter is based on a review of data provided by the OTC for returns claiming the tax credit in Tax Years 2015 through 2021. The analysis includes all returns submitting a complete Form 511, claiming the affordable housing tax credit(s) for the tax year. The economic impacts associated with new jobs was estimated using the IMPLAN economic impact software. The methodology for using the IMPLAN model is explained in **Appendix A.**

Department of Commerce Studies of Program Impacts

The Oklahoma Coalition of Affordable Housing has commissioned four separate economic impact reports of the Oklahoma Affordable Housing Tax Credit Program by the Department of Commerce (in 2018, 2019, 2020 and 2021). The studies focus on the impacts of construction activities as well as the impacts of maintaining the housing units in Oklahoma.

According to the 2021 report, the allocation of $27.9 million in state credits between 2015 and 2021 provided for the construction and renovation of 3,723 housing units across 57 developments in 61 locations, representing 35 communities and 30 counties across Oklahoma.[24] These projects are estimated to provide significant contributions to Oklahoma's state and regional economies, including:

Figure 3: Estimated Economic Impacts of State Tax Credits Allocated, 2015-2021

Employment:	Labor Income:	Economic Activity:
Nearly 7,600 Construction Jobs	$5.5 M via 184 Developer Jobs	$587 M in Construction Activity; $1.7 B in Economic Activity*

Source: Oklahoma Department of Commerce, Oklahoma's Affordable Housing Act Tax Credit – Economic Impact 2021
** $1.7 billion in economic activity 2017-2022*

The study notes that construction and long-term employment impacts will increase as more projects receive funding from the Oklahoma Affordable Housing Act and the total incentives will increase along with the increase in eligible investments.[25]

The study also states that the analysis does not consider additional social benefits produced as a result of the program (which may also have positive financial or economic impacts). Examples cited include:

- The value of reliable, safe, and affordable housing for low-income families, which may lead to improved education outcomes for children;
- Reduced spending from seniors being able to live in non-assisted living senior communities longer; and
  Reduction of homelessness and related resource and service needs, such as health care and law enforcement.

[24] Oklahoma Department of Commerce, "Oklahoma's Affordable Housing Act Tax Credit: Economic Impact 2021," (May 2022). Accessed electronically at https://okcoalition.files.wordpress.com/2022/06/2021-ok-housing-tax-credit-economic-impact-report.pdf
[25] The 2021 Report considers only allocations made during 2015-2021 and does not forecast future awards. It does include "forward funding" from 2022 that OHFA allocated in November 2021 to COVID-19 deals.

As noted in the report, “the benefits of these secondary effects are significant, sometimes difficult to measure, and should be carefully considered when designing, reforming, or addressing the effectiveness of each program.”

Independent Analysis of Economic and Fiscal Impacts

To estimate the fiscal impact to Oklahoma state revenues from the program, the project team analyzedthe economic activity of the program through the use of IMPLAN impact analysis software. This analysis is similar to the Department of Commerce Analysis however it assumes some economic leakage for portions of construction costs spent outside of Oklahoma and assumes that real estate management jobs are indirect and induced impacts of the construction activity. The resulting analysis indicates lower total economic activity, for the purposes of evaluating the incentive program.

The following table illustrates the economic activity and state tax revenue associated with the State Affordable Housing Tax Credit program.

Table 9: Economic and Fiscal Impact of State Affordable Housing Tax Credits, 2015-2021

Impact Type	Employment	Labor Income	Value Added	Economic Output	State Tax
Direct	1,165	$395,127,746	$422,021,159	$620,154,309	$10,753,386
Indirect	181	$57,831,655	$90,044,051	$187,293,120	$5,344,870
Induced	357	$96,689,744	$175,690,785	$328,461,018	$9,895,093
Total	**1,704**	**$549,649,145**	**$687,755,995**	**$1,135,908,447**	**$25,993,348**

Source: PFM; IMPLAN; Note: Employment is annual; economic activity and tax revenues are cumulative from 2015-2021

It is estimated 1,165 direct construction and finance jobs are created by the investments in housing, paying $395.1 million in cumulative wages over the six-year study period, 2015-2021. These are temporary jobs which ended with the completion of construction activity. During this time another 538 jobs were supported through indirect business to business spending and induced spending by the construction workers.

New state tax revenues generated by the housing investment activity is $26.0 million. These tax revenues represent 93 cents for each dollar of program incentive cost.

When combined with the social and cultural benefits of providing secure, affordable housing for nearly 10,000 Oklahoma residents, the affordable housing tax credit program is effectively revenue neutral for the State of Oklahoma.

Incentive Benchmarking

Benchmarking Introduction

For evaluation purposes, benchmarking provides information related to how peer states use and evaluate similar incentives. At the outset, it should be understood that no states are 'perfect peers' – there will be multiple differences in economic, demographic and political factors that will have to be considered in any analysis. It is rare that any two state incentive programs will be exactly the same, but the primary instances of exactly alike state incentive programs occur when states choose to 'piggyback' onto federal programs, as is often the case with state affordable housing tax credits. These benchmarking realities must be taken into consideration when making comparisons – and, for the sake of brevity, the report will not continually re-make this point throughout the discussion.

The process of creating a comparison group for incentive benchmarking typically begins with bordering states because proximity often leads states to compete for the same regional businesses or business/industry investments. Second, neighboring states often (but not always) have similar economic, demographic or political structures that lend themselves to comparison.

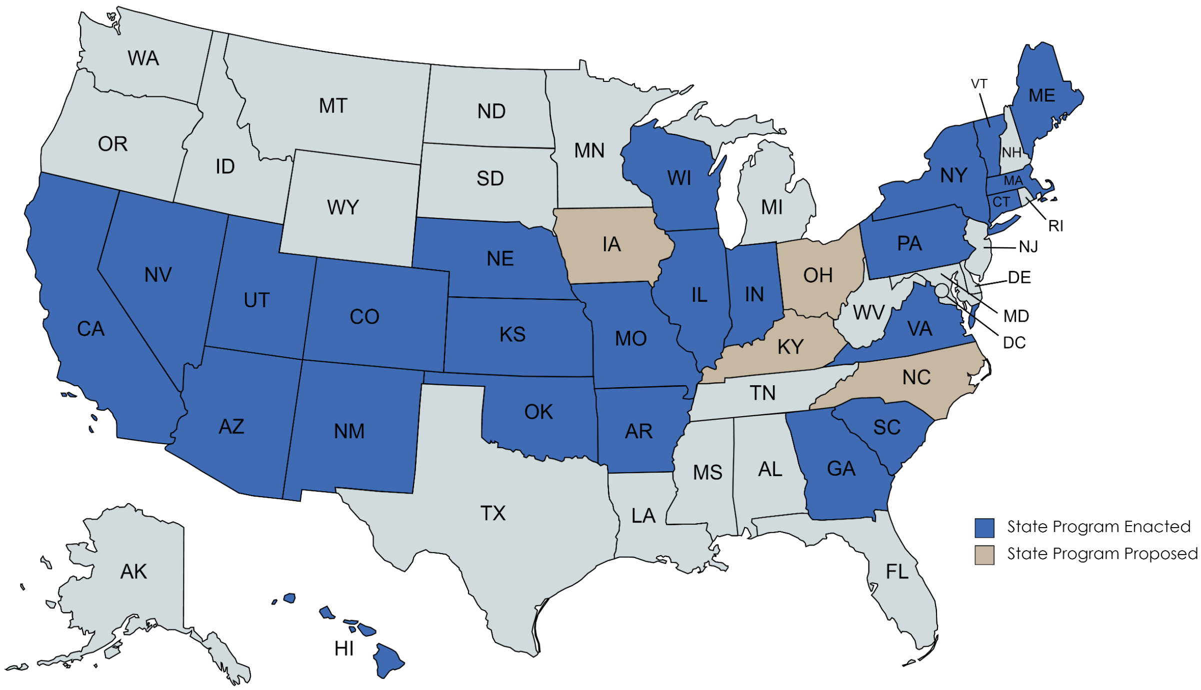
Peer State Incentives: Key Findings

The following summarizing comparable programs offered in other states; a detailed comparison is provided in **Appendix B.**

As illustrated in the following figure, 24 states have enacted their own state-level LIHTC programs, while four states (Iowa, Kentucky, North Carolina, and Ohio) are currently considering (but have not yet enacted) them. Twenty-two states do not currently offer state tax credits. Among Oklahoma's neighboring states, Arkansas, Colorado, Kansas, Missouri, and New Mexico offer state credits, while Texas does not.[26]

[26] Novogradac, "2022 State Tax Credit Information." Accessed electronically at https://www.novoco.com/resource-centers/affordable-housing-tax-credits/2022-state-tax-credit-information

Figure 4: Comparable State LIHTC Programs



Source: Novogradac Affordable Housing Resource Center

While, as referenced previously, state affordable housing tax credit programs generally piggyback on the federal credit, states employ a variety of approaches to how their credits are structured and awarded. Key program parameters among the programs are described in the following:-[27]

- **Annual Allocation:** States typically employ one of two approaches to allocating credits: (1) setting a dollar amount (as is the case in Oklahoma, where $4 million in credits is allocated annually); or (2) setting the amount in relation to the federal credit. As an example of the latter, Kansas will roll out its state credit program in 2023, and the level of funding will be equal to the state's federal allocation (estimated to be $13 million). In Missouri, the annual allocation is 50 percent of the federal amount.

  In light of the persistent and worsening affordable housing shortage nationally, many states have taken action by increasing the overall annual funding levels of their programs. In August 2022, for example, Virginia enacted legislation to increase the annual allocation of state-level LIHTCs from $15 million to $60 million (and require that $20 million per year be allocated to properties in towns with populations of 35,000 or fewer).[28]

- **Individual Award Amounts:** States vary in their determinations of award amounts for individual projects. In Oklahoma, credits have historically been equal to the federal credit amount (though, as discussed previously, recent changes have eliminated this requirement). In Arkansas, state credits for a particular project are equal to 20 percent of the federal credit amount for the respective project. In Kansas, the per-unit credit amount will be tiered based on the population of the county in which the project is being developed:

[27] Local Housing Solutions, "State Tax Credits for Affordable Housing." Accessed electronically at https://localhousingsolutions.org/housing-policy-library/state-tax-credits-for-affordable-housing/
[28] Novogradac, "Virginia Legislation Quadruples Annual State LIHTC Allocation," (August 9, 2022). Accessed electronically at https://www.novoco.com/news/virginia-legislation-quadruples-annual-state-lihtc-allocation

- $35,000 per housing unit in counties with a population under 8,000;
- $32,000 per unit in counties with 8,000-25,000 residents; and
- $30,000 per unit in counties with a population between 25,000 and 75,000.

Kansas' program sets aside $2.5 million for the two smaller population groups of counties and designates $8 million for the large county group. Further, the state will limit a qualified housing developer to use of the tax credit on 40 residential units per year.

- **Credit Period:** In alignment with the federal LIHTC, many state credits (including Oklahoma) have a 10-year credit period; other state programs have a shorter term, often between four and six years. Among neighboring states, Arkansas, Kansas and Missouri have 10-year credit periods, while Colorado's 6-year credit may be claimed over a maximum of 11 years.

- **Compliance Period:** The compliance period during which time tax credit projects must continue to enforce affordability provisions generally extends far beyond the credit term. Like Oklahoma, Arkansas has a 15-year compliance period. In Massachusetts, the credit has a compliance period of 45 years, an example of a state whose program is much longer than the credit term (5 years).

- **Eligibility Requirements:** Many state tax credit programs vary from the federal LIHTC requirements and/or have additional requirements for tax credit recipients that reflect state priorities. In New York, for example, the upper end of the income targeting threshold is 90 percent of AMI (rather than 60 percent under the federal LIHTC). California requires developers who receive state credits to pay the state prevailing wage.

Other State Strategies to Address Affordable Housing Challenges

- The Massachusetts Local Initiative Program (LIP) encourages the creation of affordable housing by providing technical assistance to communities and developers who are working together to create affordable rental opportunities.[29] Unlike conventional housing subsidy programs in which a state or federal agency must approve every aspect of financing, design and construction, LIP allows most of these decisions to be made by the municipality.[30]

- Some states, such as California and Oregon, have reformed land use regulations to help expand the supply of affordable housing. Specifically, they now allow construction of small multi-family buildings, accessory dwelling units and other types of housing in areas previously zoned for single-family homes.[31]

Benchmarking Program Evaluations

Several studies, reports and evaluations exist regarding the efficacy and/or impacts of state affordable housing incentive programs. Although federal and state LIHTCs are widely popular, many are critical of their effectiveness as a tool relative to other approaches.

[29] Commonwealth of Massachusetts, "Local Initiative Program." Accessed electronically at https://www.mass.gov/service-details/local-initiative-program
[30] LIP regulations and guidelines address program components that must be reviewed and approved by the Massachusetts Department of Housing and Community Development (e.g., incomes of households served, fair marketing, profit limitation and establishing long-term affordability for the units which are built).
[31] Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing, 2022." Accessed electronically at https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2022.pdf

- A 2018 study by the Urban Institute found that, compared with other forms of housing assistance, the LIHTC as a tool, generally, is an economically inefficient method for producing affordable rental housing because the time consuming and complex process of allocating and awarding tax credits drives up the transaction costs of affordable rental housing deals. The report references a study from the State of Washington, which found that it frequently takes twice as long to put together a LIHTC-financed project than one that is market rate, in turn contributing to higher legal and other transaction costs.[32]

- An October 2020 study of California's low-income housing tax credits, conducted by Smart Cities Prevail, examined who benefits from the program – and how the State could better utilize the credits to address its ongoing housing crisis. Among the study's key findings were the following:[33]

    - LIHTC subsidies disproportionately benefit wealth investors and often provide more subsidies than are needed to finance projects
    - Every $1.00 in federal tax credits generates $0.94 in affordable housing construction, and each $1.00 in state tax credits generates $0.80 for housing projects
    - LIHTCs deepen the economic burdens plaguing California's homebuilding workforce

- A 2022 evaluation of Georgia's low-income housing tax credit concluded that the state incentive costs Georgia $362.2 million per year, absent the "but for" analysis of development. The report concluded that the federal LIHTC has a much larger positive economic impact on the state and that 25 percent of LIHTC units placed in service since the enactment of the incentive in 2000 are attributable to the state credit.[34]

- A 2021 Report by the Missouri Accelerated Redemption Study Committee[35]: In 2017, the Governor's Committee on Simple, Fair and Low Taxes found that the state's LIHTC returned $0.42 of housing for every state dollar invested. The Committee recommended that the program be converted into a low-interest loan program for affordable housing construction. "This will result in the same amount of money being available for low-income housing construction, without wasting millions on well-connected insiders. Also, the Committee recommends that the state repurchase outstanding LIHTCs in exchange for state issued bonds, a proposal that may save Missouri taxpayers $200-250 million over the next 10 years."[36]

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[32] The Urban Institute, "The Low-Income Housing Tax Credit: How It Works and Who It Serves," (July 2018). Accessed electronically at https://www.urban.org/research/publication/low-income-housing-tax-credit-how-it-works-and-who-it-serves

[33] Smart Cities Prevail, "Low Income Housing Tax Credits: Assessing the Costs, Impacts and Policy Implications of Tax Subsidies for Affordable Housing," (October 2020). Accessed electronically at https://www.smartcitiesprevail.org/wp-content/uploads/2020/10/SS_LIHTC_HousingCrisis_report_Oct2020.pdf

[34] Andrew Young School Fiscal Research Center at Georgia State University, "Tax Incentive Evaluation: Georgia Low-Income Housing Tax Credit," (June 2022). Accessed electronically at https://www.novoco.com/sites/default/files/atoms/files/georgia-lihtc-evaluation-06132022.pdf

[35] Missouri Housing Development Corporation, "2021 Report of the Missouri Accelerated Redemption Study Committee," (June 22, 2021). Accessed electronically at https://www.novoco.com/sites/default/files/atoms/files/missouri-lihtc-accelerated-pilot-program-report-06222021.pdf

[36] Missouri Governor's Committee on Simple, Fair and Low Taxes, "Tax Credit Reform: Recommendations to Make Missouri a Best-in-Class State," (June 30, 2017). Accessed electronically at https://www.novoco.com/sites/default/files/atoms/files/missouri_governor_committee_tax_reform_063017.pdf

Appendices

Appendix A: IMPLAN Economic Impact Methodology

The economic impact methodology utilized to determine the multiplier effects is IMPLAN (Impact Analysis for PLANning), a proprietary model; PFM has obtained a license for use of the IMPLAN model for these evaluations.

IMPLAN's Social Accounting Matrices (SAMs) capture the actual dollar amounts of all business transactions taking place in a regional economy as reported each year by businesses and governmental agencies. SAM accounts are a better measure of economic flow than traditional input-output accounts because they include "non-market" transactions. Examples of these transactions would be taxes and unemployment benefits.

Multipliers

SAMs can be constructed to show the effects of a given change on the economy of interest. These are called Multiplier Models. Multiplier Models study the impacts of a user-specified change in the chosen economy for 440 different industries. Because the Multiplier Models are built directly from the region-specific SAMs, they will reflect the region's unique structure and trade situation.

Multiplier Models are the framework for building impact analysis questions. Derived mathematically, these models estimate the magnitude and distribution of economic impacts, and measure three types of effects which are displayed in the final report. These are the direct, indirect, and induced changes within the economy. Direct effects are determined by the Event as defined by the user (i.e., a $10 million order is a $10 million direct effect). The indirect effects are determined by the amount of the direct effect spent within the study region on supplies, services, labor, and taxes. Finally, the induced effect measures the money that is re-spent in the study area as a result of spending from the indirect effect. Each of these steps recognizes an important leakage from the economic study region spent on purchases outside of the defined area. Eventually, these leakages will stop the cycle.

Appendix B: Comparable State Programs

State	Estimated Credits Available in 2022 ($ Millions)	Based on Federal LIHTC?	Credit Period (Compliance)	Type(s) of Credit	Certificated or Allocated?*
Oklahoma	$4.0	Yes	10 years (15 years)	Both 4% and 9%	Allocated
Arkansas	$0.3	Yes	10 years (15 years)	Both 4% and 9%	Allocated
Colorado	$10.0	Yes	6-year credit may be claimed over 11 years max	Both 4% and 9%	Allocated
Kansas	Same as federal amount starting in FY2023	Yes	10 years	Both 4% and 9%	Allocated
Missouri	50% of federal amount	Yes	10 years	Both 4% and 9%	Allocated
New Mexico	$4.8	Yes	Up to 5 years from certification	Credit equal to up to 50% of the value of the donation available to individuals and businesses that provide donations to help build affordable housing in NM. Donations may include land, buildings, cash, or services**	Both
Arizona	$4.0	Yes	10 years	Both 4% and 9%	Allocated
California	$646.0	Yes	Up to 4 years	Both 4% and 9%	Both
Connecticut	$10.0	Yes	10 years (15 years)	Both 4% and 9%	Allocated
Georgia	9%: $30.0 4%: Same as federal amount	Yes	10 years	Automatic dollar for dollar match on 4% and 9%	Allocated
Hawaii	9%: $4.0 4%: 50% of federal amount	Yes	5 years	Both 4% and 9%	Allocated
Illinois	N/A	Yes	1 Year (1 Year)	50% of value of donation	Allocated
Indiana	$30.0 starting in FY2024	Yes	5 years	4%	Allocated
Maine	$10.0	Yes	1 year	Both 4% and 9%	Allocated
Massachusetts	$40.0	Yes	5 years (45 Years)	Both 4% and 9%	Both
Nebraska	$8.0	Yes	6 years (30 Years)	9%, 4% and state credit for all 9% deals and some 4%	Allocated
Nevada	Only 4% deals	Yes	1 year	1-time equity investment	Allocated
New York	$8.0	Yes	10 years (30 Years)	Both 4% and 9%	Both
Pennsylvania	$10.0	Yes	5 years	TBD	TBD
South Carolina	TBD	Yes	10 years	4%	Allocated

State	Estimated Credits Available in 2022 ($ Millions)	Based on Federal LIHTC?	Credit Period (Compliance)	Type(s) of Credit	Certificated or Allocated?*
Utah	$1.0	Yes	10 years (50 Years)	9%	Both
Vermont	$0.4	Yes	5 years	9%, 4%, state rental and homeownership credits	Certificated
Virginia	$15.0	Yes	1 year	Both 4% and 9%	Both
Wisconsin	$7.8	Yes	6 years	4%	Both

Source: Novogradac Affordable Housing Resource Center: State LIHTC Program Descriptions

** State credits are either allocated credits – like federal LIHTCs – or certificated. In the allocated credits model, credits are awarded to developers who allocate the credits to an investor partner. Typically, this is done in the form of a limited partnership interest. Certificated credits are sold outright to taxpayers who take no ownership in the affordable housing development. For more information, see Novogradac's Affordable Housing Resource Center, accessed electronically at https://www.novoco.com/periodicals/articles/everything-you-need-know-about-state-lihtcs-2022#:~:text=In%20the%20allocated%20credits%20model,in%20the%20affordable%20housing%20development.*

*** New Mexico tax credits may be applied to state income tax, gross receipts tax and compensating tax burdens*