



# Idaho's Housing Dilemma

A collaborative discussion about Affordable Housing



# Affordable Housing

## History and Overview

### Tax Reform Act of 1986, IRS Code Section 42

- Simplified tax brackets
- Removed many real estate tax shelters
- Created the Low Income Housing Tax Credit (LIHTC) Program

### Strategic Goals of LIHTC

- Spur investment in safe, affordable housing for lower income people
- Create a workable program dependent on public/private partnerships



## What is LIHTC Affordable Housing?

- The leading federal housing program since 1980s
  - Approximately 3 million units nationwide
  - Creates and supports +/- 95,000 jobs each year
  - Lower default rate than other real estate developments (Less than 1%)
- Rents are capped and units are reserved for tenants earning 60% or less of the county's Area Median Income (AMI)
- Minimum 15-year affordability period
  - Idaho: 40 years

## What is LIHTC Affordable Housing?

- Properties are owned and operated by individual companies or nonprofits
- Typically not reliant on government operating subsidies or vouchers, except for supportive housing
- Addresses growing need for affordable housing in most areas
- Utilizes the LIHTC to aid in financing







# Low Income Housing Tax Credit

## What is the Low Income Housing Tax Credit (LIHTC)?

- An indirect federal subsidy given to affordable housing developments
- The subsidy includes a syndication of development tax benefits:
  - Credits
  - Depreciation
  - Losses



## Low Income Housing Tax Credits (LIHTC)

- Tax credits flow over a 10-year period
  - Compliance period is longer
- Credits can be used by large corporations and real estate professionals
- Given relatively low investment returns and Community Reinvestment Act benefits, predominant investors/equity partners tend to be big banks





# Idaho Income and Rent Limits

# 2021 LIHTC Income & Rent Limits, Idaho

## 2021 Income Limits And Rent Limits

Idaho Housing and Finance Association

### Multifamily Rental Programs

Note: Does not pertain to HOME, HTF or NSP

Hud release: 4/1/2021

Effective: 4/1/2021

Implement on/before: 4/1/2021

County	Percentage Category	Income Limit by Number of Persons in Household										Rent Limit by Number of Bedrooms in Unit				
		1	2	3	4	5	6	7	8	9	10	1	2	3	4	5
Kootenai	30%	13,950	15,930	17,910	19,890	21,510	23,100	24,690	26,280	27,840	29,430	373	447	517	577	637
	35%	16,275	18,585	20,895	23,205	25,095	26,950	28,805	30,660	32,480	34,335	435	522	603	673	743
	40%	18,600	21,240	23,880	26,520	28,680	30,800	32,920	35,040	37,120	39,240	498	597	690	770	849
	45%	20,925	23,895	26,865	29,835	32,265	34,650	37,035	39,420	41,760	44,145	560	671	776	866	955
	50%	23,250	26,550	29,850	33,150	35,850	38,500	41,150	43,800	46,400	49,050	622	746	862	962	1,061
	55%	25,575	29,205	32,835	36,465	39,435	42,350	45,265	48,180	51,040	53,955	684	820	948	1,058	1,168
	60%	27,900	31,860	35,820	39,780	43,020	46,200	49,380	52,560	55,680	58,860	747	895	1,035	1,155	1,274
Median: 33,742	140%	39,060	44,604	50,148	55,692	60,228	64,680	69,132	73,584	77,952	82,404					

If using LIHTC (tax credit), rents and incomes must be set at 60% AMI and below.

For example, in Cour d'Alene, that would mean a family of two earning up to \$31,860/year.



**Idaho Housing  
and Finance**  
Association

[www.idahohousing.com](http://www.idahohousing.com)

# 2021 LIHTC Income & Rent Limits, Idaho

2021 Income Limits And Rent Limits  
Idaho Housing and Finance Association  
Multifamily Rental Programs

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Ada	30%	15,840	18,090	20,340	22,590	24,420	26,220	28,020	29,820	31,620	33,420	424	508	587	655	723
	35%	18,480	21,105	23,730	26,355	28,490	30,590	32,690	34,790	36,890	38,990	494	593	685	764	843
	40%	21,120	24,120	27,120	30,120	32,560	34,960	37,360	39,760	42,160	44,560	565	678	783	874	964
	45%	23,760	27,135	30,510	33,885	36,630	39,330	42,030	44,730	47,430	50,130	636	762	881	983	1,084
	50%	26,400	30,150	33,900	37,650	40,700	43,700	46,700	49,700	52,700	55,700	760	847	979	1,092	1,205
	55%	29,040	33,165	37,290	41,415	44,770	48,070	51,370	54,670	57,970	61,270	777	932	1,077	1,201	1,325
	60%	31,680	36,180	40,680	45,180	48,840	52,440	56,040	59,640	63,240	66,840	848	1,017	1,175	1,311	1,446
	140%	44,352	50,652	56,952	63,252	68,376	73,416	78,456	83,496	88,536	93,576					
Median: 34,341																

If using LIHTC (tax credit), rents and incomes must be set at 60% AMI and below.  
For example, in Boise, that would mean a family of two earning up to \$36,180/year.

# 2021 LIHTC Income & Rent Limits, Idaho

## 2021 Income Limits And Rent Limits

### Idaho Housing and Finance Association

#### Multifamily Rental Programs

Note: Does not pertain to HOME, HTF or NSP

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Twin Falls	30%	13,680	15,630	17,580	19,530	21,120	22,680	24,240	25,800	27,330	28,890	366	439	508	567	625
	35%	15,960	18,235	20,510	22,785	24,640	26,460	28,280	30,100	31,885	33,705	427	512	592	661	729
	40%	18,240	20,840	23,440	26,040	28,160	30,240	32,320	34,400	36,440	38,520	488	586	677	756	834
	45%	20,520	23,445	26,370	29,295	31,680	34,020	36,360	38,700	40,995	43,335	549	659	762	850	938
	50%	22,800	26,050	29,300	32,550	35,200	37,800	40,400	43,000	45,550	48,150	610	732	846	945	1,042
	55%	25,080	28,655	32,230	35,805	38,720	41,580	44,440	47,300	50,150	52,965	671	805	931	1,039	1,146
	60%	27,360	31,260	35,160	39,060	42,240	45,360	48,480	51,600	54,660	57,780	732	879	1,016	1,134	1,251
Median: 33,127	140%	38,304	43,764	49,224	54,684	59,163	63,504	67,872	72,240	76,524	80,892					

If using LIHTC (tax credit), rents and incomes must be set at 60% AMI and below.  
For example, in Twin Falls, that would mean a family of two earning up to \$31,260/year.



# 2021 LIHTC Income & Rent Limits, Idaho

**2021 Income Limits And Rent Limits**  
**Idaho Housing and Finance Association**  
**Multifamily Rental Programs**

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	35%	15,995	18,270	20,545	22,820	24,675	26,495	28,315	30,135	31,955	33,775	428	513	593	662	730
	40%	18,280	20,880	23,480	26,080	28,200	30,280	32,360	34,440	36,520	38,600	489	587	678	757	835
	45%	20,565	23,490	26,415	29,340	31,725	34,065	36,405	38,745	41,085	43,425	550	660	763	851	939
	50%	22,850	26,100	29,350	32,600	35,250	37,850	40,450	43,050	45,650	48,250	611	733	848	946	1,043
	55%	25,135	28,710	32,285	35,860	38,775	41,635	44,495	47,355	50,215	53,075	673	807	932	1,040	1,148
Median: 33,187	60%	27,420	31,320	35,220	39,120	42,300	45,420	48,540	51,660	54,780	57,900	734	880	1,017	1,135	1,252
	140%	38,388	43,848	49,308	54,768	59,220	63,588	67,956	72,324	76,692	81,060					

If using LIHTC (tax credit), rents and incomes must be set at 60% AMI and below.  
 For example, in Pocatello, that would mean a family of two earning up to \$31,320/year.



# Low Income Housing Tax Credit

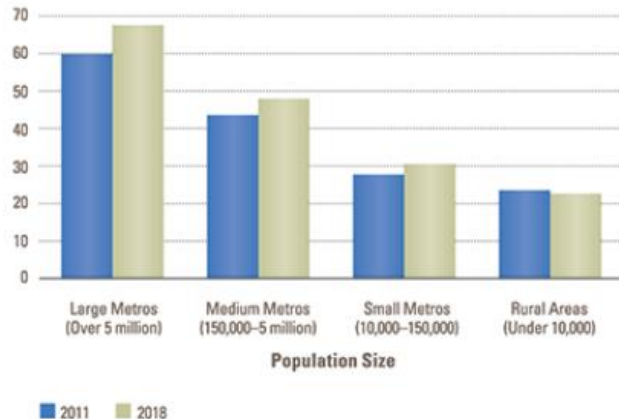
Financing affordable housing



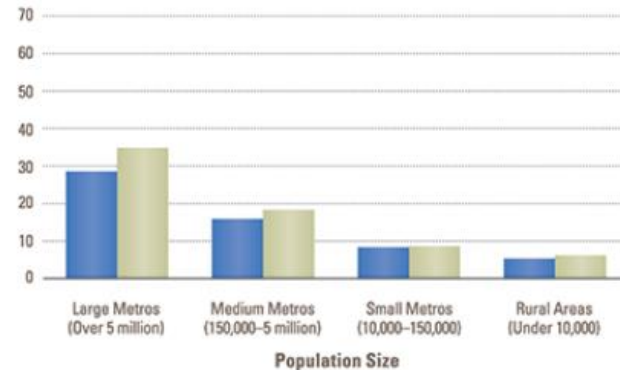
HUD defines “cost-burdened families” as those who pay more than 30% of their income for housing and may have difficulty affording necessities such as food, clothing, transportation and medical care.

### Increasing Shares of Middle-Income Renters Have Cost Burdens, Particularly in Large Metros

Cost-Burdened Share of Renters Earning \$30,000–44,999 (Percent)



Cost-Burdened Share of Renters Earning \$45,000–74,999 (Percent)



Notes: Cost-burdened households pay more than 30% of income for housing. Households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be without burdens. Household incomes are adjusted for inflation using the CPI-U for All Items.

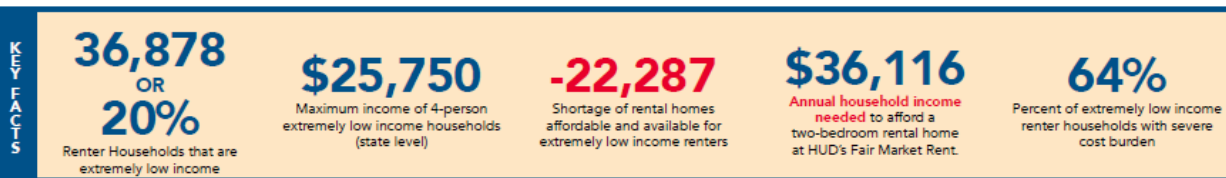
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates and Missouri Census Data Center data.



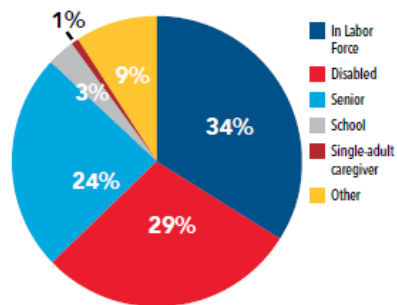
## 2021 IDAHO HOUSING PROFILE

Across Idaho, there is a shortage of rental homes affordable and available to extremely low income households (ELI), whose incomes are at or below the poverty guideline or 30% of their area median income (AMI). Many of these households 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.

SENATORS: Mike Crapo and Jim Risch

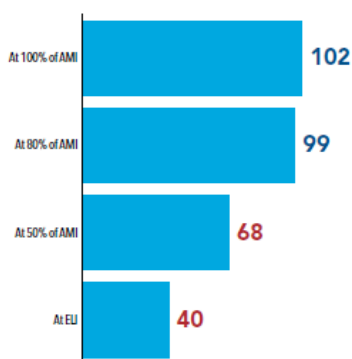


EXTREMELY LOW INCOME RENTER HOUSEHOLDS



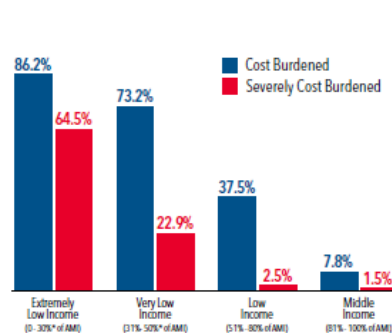
Note: Mutually exclusive categories applied in the following order: senior, disabled, in labor force, enrolled in school, single adult caregiver of a child under 7 or of a household member with a disability, and other. Nationally, 14% of extremely low-income renter households are single adult caregivers, more than half of whom usually work more than 20 hours per week. Source: 2019 ACS PUMS.

AFFORDABLE AND AVAILABLE HOMES PER 100 RENTER HOUSEHOLDS



Source: NLIHC tabulations of 2019 ACS PUMS.

HOUSING COST BURDEN BY INCOME GROUP



Note: Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are severely cost burdened. Source: NLIHC tabulations of 2019 ACS PUMS.

Updated: 07/19/2021

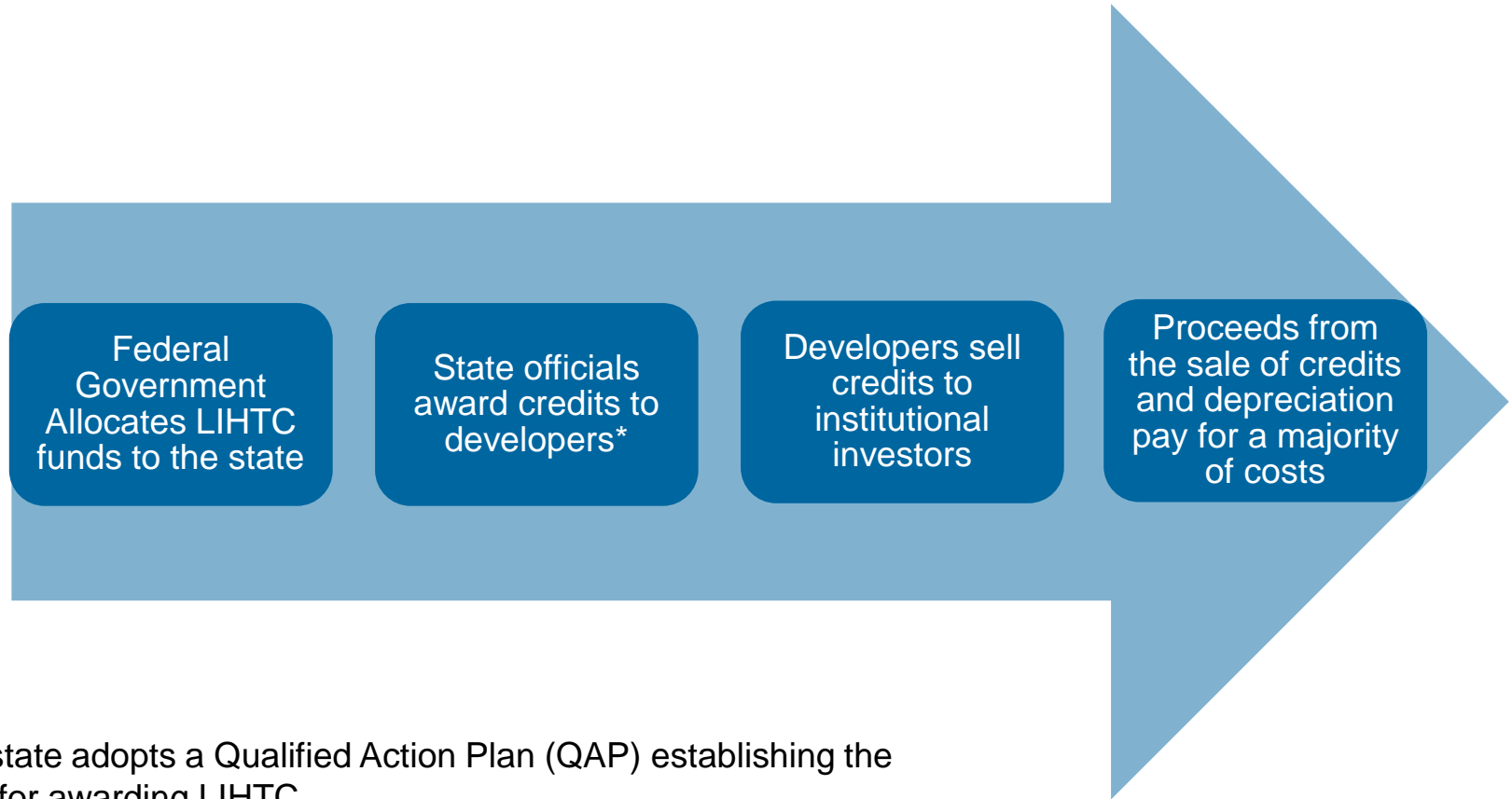
1000 Vermont Avenue, NW, Suite 500, Washington, DC 20005 [WWW.NLIHC.ORG](http://WWW.NLIHC.ORG)

Extremely Low Income = 0-30% of AMI  
Low Income = 51-80% of AMI  
Note: \*Or poverty guideline, if higher.

Very Low Income = 31%-50% of AMI  
Middle Income = 81%-100% of AMI



# Qualified Low Income Housing



\*Each state adopts a Qualified Action Plan (QAP) establishing the criteria for awarding LIHTC

## Qualified Allocation Plan (QAP)

- Document that describes the process for distributing tax credits
- Must include specific Internal Revenue Code preference and selection criteria

## Underwrite

- Each property at three stages: application, allocation, placement

## Maintain and Monitor

- Credit allocated to a property must not exceed the amount necessary to assure property feasibility
- Properties must be monitored for compliance

## Notify

- CEO of the local jurisdiction

## Program Features

- Provides a credit against federal income taxes to the owner of a qualified low-income rental housing property.
- Credit claimed is based on tenant occupancy, affordable rent and quality of housing.

## Three types

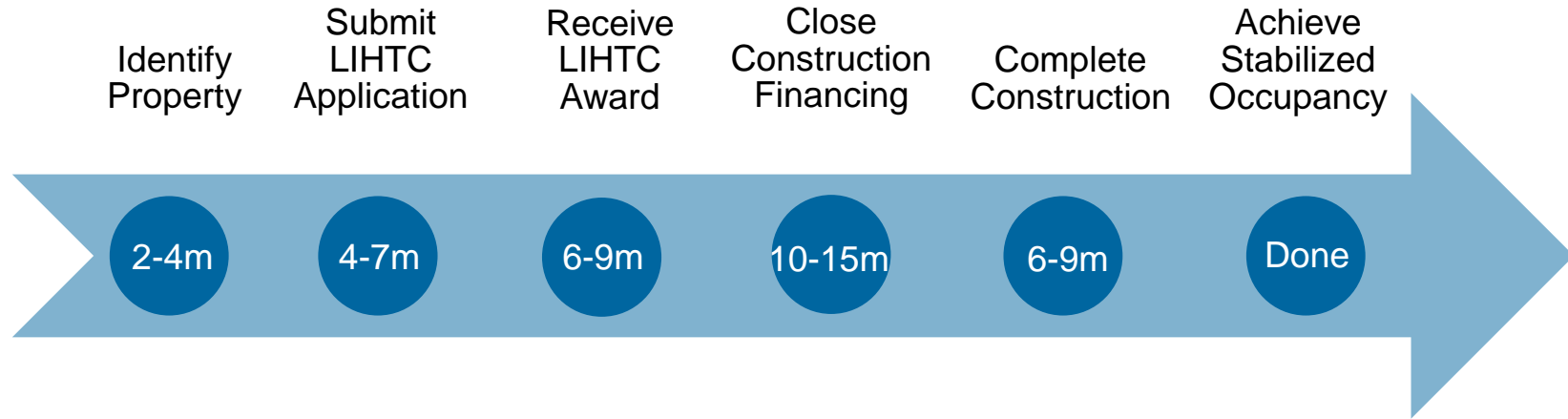
- New Construction
- Substantial rehabilitation
- Acquisition





## Three Elements

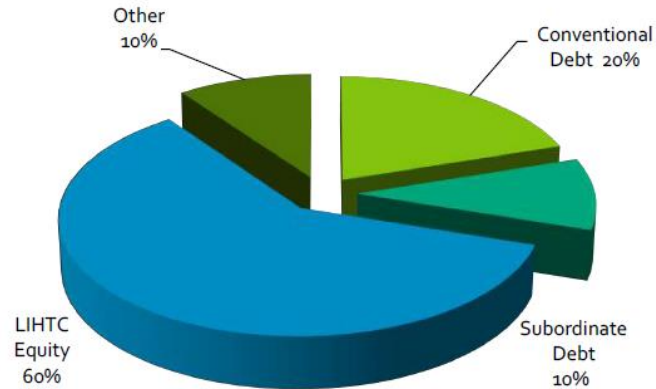
- **Low-Income Tenants**
  - Units are occupied by tenants whose income is less than 60% of Area Median Income (AMI)
  - Based on the number of people in household
- **Affordable Rent**
  - Gross tenant paid rent does not exceed 30% of income
  - Based on the number of bedrooms in the unit
- **Quality**
  - Units are constructed and maintained in a safe, decent, and sanitary condition suitable for occupancy



Development timelines typically range from 28-45 months

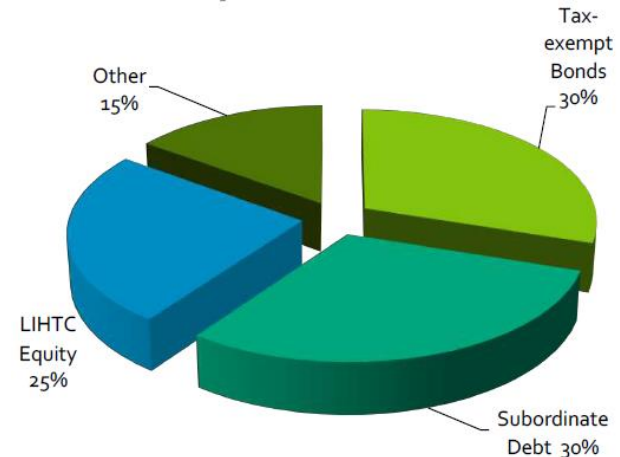
## Two Main Structures

### 9% tax credits with conventional debt



- More competitive because equity is more lucrative
- Balances budget with less debt

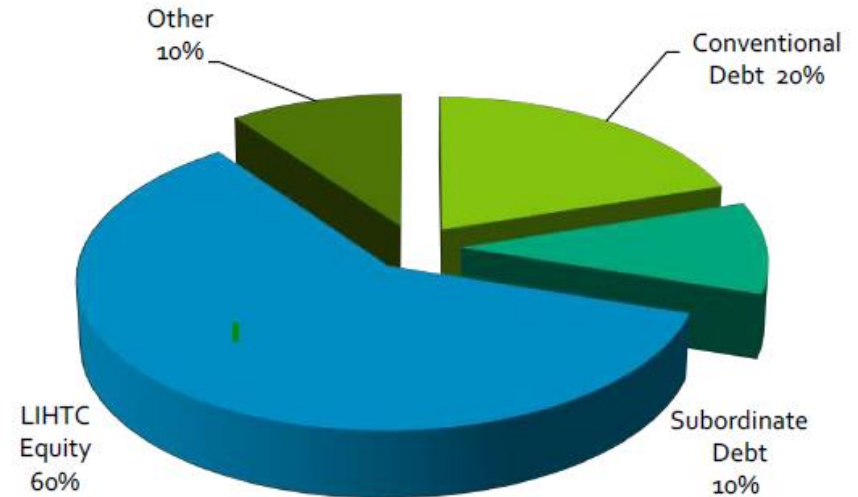
### 4% tax credits with bonds



- Less competitive
- Municipal bonds easier to secure but more complicated and expensive to finance
- Lack of local subsidies/subordinate debt makes it difficult to balance budgets

## 9 % Tax Credit

- Can generate tax credits equal to 9% of qualified tax basis over 10 years
- Balances budget with less debt
- Awarded after a very competitive application process
- Most common





# Idaho Case Studies

Low Income Housing Tax Credit Properties



# Las Brisas



# Overview

- Affordable senior housing
- 48 total units  
(40 affordable and 8 market)



**Total Development Cost:****\$9,394,141**

Source of Funds:	
Permanent Debt	\$1,500,000
Subordinate Debt (HOME)	\$1,000,000
Tax Credit Equity	\$6,191,681
Land Donation	\$240,000
Nonprofit Contribution	\$190,000
CDBG Loan	\$20,000
Developer Contribution	\$252,460

## Amenity Package

- Air conditioning
- Washers and dryers
- Playground
- Laundry facility
- Carports
- Community center and exercise room



# The Springs II

## Overview

- Affordable family housing
- 36 total units  
(32 affordable and 4 market)



**Total Development Cost: \$7,328,380**

Source of Funds:	
USDA 538 Permanent Loan	\$1,350,000
Tax Credit Equity	\$5,678,380
Land Donation (Valley County)	\$300,000



## Amenity Package

- High-efficiency heating and cooling
- Refrigerators and electric ranges
- Playground
- Laundry facility
- Carports
- Community center and exercise room
- Community gazebo



# Adare Manor

## Overview

- Affordable family housing for 60% AMI or less
- Downtown location
- 134 units (120 affordable, 13 market, 1 manager)



**Total Development Cost: \$27,229,430**

Source of Funds:	
Tax Credit Equity	\$11,185,430
Subordinate Debt (IHFA HOME )	\$1,500,000
City of Boise HOME	\$800,000
IHFA Tax-Exempt Bond	\$1,200,000
Permanent Loan	\$9,250,000
City of Boise Contributions	\$594,000
Local Development District Grant	\$720,000
NOI During Lease-Up	\$330,000
Developer Contribution	\$1,650,000

## Amenity Package

- High-efficiency heating and cooling
- Efficient appliances
- Playground
- Laundry facilities
- Fitness center
- Community center
- Business center
- Picnic area





# New Path



## Overview

- Permanent supportive housing for chronically homeless
- State's only "Housing First" development
- 40 total units



**Total Development Cost: \$7,984,444**

Source of Funds:	
Tax Credit Equity	\$5,833,047
Subordinate Debt (HOME)	\$500,000
Land Donation	\$1,000,000
Deferred Costs	\$1,397
Local Development District Grant	\$150,000
FHLB AHP	\$500,000

## Amenity Package

- On-site social services
- On-site medical services
- Career / education center
- Laundry facility
- Exercise room
- Community center



# Depot Square

## Overview

- Affordable Family Housing
- 34 total units  
(30 affordable and 4 market)



**Total Development Cost: \$9,930,000**

Source of Funds:	
USDA RD538 Perm Debt	\$800,000
Grants	\$685,000
Contributed Land/Building	\$310,000
Tax Credit Equity	\$8,091,791
Developer Contribution	\$43,209



## Amenity Package

- Open floor plan
- Community lounge and adjacent outdoor patio
- Laundry facility
- Storage areas
- Exercise room
- Indoor bike storage
- Computer lab