

NAHMA LIHTC UPDATE: LOW-INCOME HOUSING TAX CREDIT RATES

FRIDAY, JUNE 19, 2015

Low-Income Housing Tax Credit Rates for July, 2015

Today the Internal Revenue Service (IRS) issued Revenue Ruling 2015-15, which provides various prescribed rates for federal income tax purposes including the applicable federal interest rates, the adjusted applicable federal interest rates, the adjusted federal long-term rate, and the adjusted federal long-term tax-exempt rate.

The Appropriate Percentages Under Section 42(b)(1), the Low-Income Housing Tax Credit (LIHTC) for July, 2015 is:

- Appropriate percentage for the 70% present value low-income housing credit: 7.52%
- Appropriate percentage for the 30% present value low-income housing credit: 3.22%

A credit's value typically floats with interest rates, but the credit rate was temporarily fixed at 9% under the Housing and Economic Recovery Act (HERA), and this flat rate was again extended through December 31, 2013 and 2014 under two additional legislative acts. The 9% minimum credit rate simplified state administration of the program and removed the financial uncertainty and risk associated with underwriting LIHTC financed properties. However, since the floor expired at the end of 2014, the floating rate has returned. This may reduce the amount of equity that a development could receive. NAHMA continues to advocate to Congress that the credit rate for the 70% present value credit must be permanently locked at 9%, and that the 30% present value low-income housing credit must be locked at 4%. In April of this year, NAHMA sent a [letter](#) to the Senate Finance Committee regarding this issue as the Committee continues work on comprehensive tax reform.

To view the revenue ruling from the IRS, please [click here](#).