## The Housing Tax Credit Program Here's How It Works...



Mississippi is allocated Low Income Housing Tax Credits (Credits) based on the state's population.



MHC drafts a <u>Qualified</u> <u>Allocation Plan (QAP)</u> that outlines how the Credits will be allocated.



hearing to allow the public to comment on the proposed QAP and then completes the final QAP.



Mississippi's Governor approves the QAP and MHC releases it to the public.



MHC opens application cycle to allow developers to Apply for the Credits.



MHC reviews and scores all submitted applications. Awards are announced after a 120 day review period. <u>QAP Important Dates</u>



Developers that receive Credits convert them into equity by selling them to investors.





MHC issues <u>IRS Form 8609</u> to the development once all requirements have been met which the investor uses to offset tax liability for a ten year period.







Developments must be completed within 2 years. Equity generated from the credits (typically 70%) allows the developer to rent units at or below market rates and must be within the required HUD limit.



Income restrictions are placed on the development throughout its affordability period (typically 30 years).



MHC monitors the development for <u>compliance</u> for a period of 30 years. MHC will report any issues of noncompliance to the IRS for the first fifteen years.