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HOUSING FINANCE NEWS

NEWS HEADLINES

Exchange Program Could Spur 155 California Projects

By Donna Kimura

Nearly 13,000 affordable housing units could begin construction in California this year, generating more than 16,000 jobs, if equity investments are combined with the exchange of otherwise unusable 4 percent and 9 percent low-income housing tax credits (LIHTCs) for cash, according to 39 developers surveyed by the California Housing Partnership.

The developers identified 155 LIHTC properties with 12,703 apartments that could get under way this year.

The number is likely on the low side because not all LIHTC developers in the state responded, but it's in the ballpark, said Matt Schwartz, president of the Partnership, which works with nonprofit and government housing organizations to create and preserve affordable housing.

“These are developments that could start construction if they are able to attract investors at reasonable prices or allowed to exchange 9 percent or 4 percent credits,” said Schwartz.

The Partnership conducted the survey to provide support

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for Rep. Linda Sánchez's (D-Calif.) bill, The Low Income Housing Tax Credit Exchange Expansion and Job Creation Act of 2010, which was introduced Feb. 24. Advocates hope the provisions in H.R. 4687 will be incorporated into one of the next job bills considered by Congress. They are seeking co-sponsors to demonstrate support to congressional leaders.

Sánchez's bill seeks to expand the exchange program to include the exchange of unusable 4 percent credits. It also clarifies that states have the option to loan the exchange funds, not just grant them.

Looking at the survey numbers, the Partnership reported that 107 projects are new construction developments, with 8,453 apartments. The remaining 48 developments involve the rehabilitation of existing buildings, with 4,250 apartments.

Twenty percent of the units target households earning no more than 30 percent of the area median income (AMI), while 42 percent will target those earning between 31 percent and 50 percent of the AMI, and 34 percent will be for those earning between 51 percent and 60 percent of the AMI. The remaining 4 percent will serve households with higher incomes.

The overall survey numbers compare with the 14,248 LIHTC apartments that received and sold or exchanged allocations or received help through the Tax Credit Assistance Program (TCAP) in 2009, according to state numbers.

In 2009, the California Tax Credit Allocation Committee reserved LIHTCs to projects that will provide 10,076 affordable units. In addition, tax credit exchange and TCAP awards have been made to help create or rehab about 4,000 units in pre-2009 deals that were stalled because of the economic downturn and drop in the LIHTC market.

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