

H. 766 - Proposed Changes to State Housing Tax Credit statute (32 VSA 5930u)

The following are explanations of changes shown in the attached is a black line version of the revised language for the State Housing Tax Credit statute (32 VSA 5930u). The intent of the changes are to:

- Increase the amount of credit for the Home Ownership Down Payment Assistance program by \$125,000 for seven years.
- Allow VHFA to sell the Homeownership Credits in pools rather than individually by home to increase competitiveness in pricing and reduce transaction costs.
- Some minor clarifying language changes.

The highlights of these changes are as follows:

- Update the “Eligible Applicant” definition to put the non-governmental eligible applicants together and specify that they must meet the application requirements of the allocation plan rather than require that applicants have a bylaw that requires creation of affordable housing. The definition of “allocation plan” already includes a requirement that multifamily projects receiving the tax credit be maintained as perpetually affordable.
- Update the “Eligible Cash Contribution” definition to make clear that this includes not just amounts contributed to the owner of a project (which only occurs with credits for multifamily rental property), but also amounts paid to the Agency in connection with sales of the tax credits (for the DPA program and for the single family tax credits).
- Update the “Allocation Plan” definition to clarify that multifamily projects will receive credits, while single family projects will receive loans or grants funded by sales of credits by the Agency, and that the amounts lent or granted must be maintained as an affordable housing source (such language was previously part of subsection (b)(1)).
- Create a new “Taxpayer” definition to be clear that the Department of Taxes can recognize a transferee of a tax credit certificate.
- Revise subsection (b)(1) so that only multifamily projects will get direct allocations of tax credits.
- Create a new subsection (b)(2) providing that the Agency will be able to allocate and sell all single family tax credits and either lend or grant the proceeds of the sale(s) to eligible applicants under certain conditions to finance affordable owner-occupied housing projects.
- Renumber the section on the Down Payment Assistance Program from (b)(2) to (b)(3).
- Revise sections (c), (d) and (e) to make clear that the amount taxpayer can claim is based on the credit amount set forth on the certificate and that only taxpayer claiming a credit relating to a multifamily project is required to also provide a copy of the credit allocation.
- Revise section (h) to increase the amount of credits available for the down payment assistance program to \$250,000 for the fiscal years ending 2019-2022 and then continuing the allocation at the \$125,000 level for the fiscal years ending 2023-2025.

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