



**Louisiana Housing  
Corporation**

## **Board of Directors**

### **Agenda Item #9**

**Resolution authorizing staff to reprocess the allowance of low-income housing credits for all Section 42(h)(4) tax-exempt bond financed projects scheduled to close in the first quarter of calendar year 2021 and which are now subject to the minimum credit rate of not less than four percent (4%); and providing for other matters in connection with the foregoing.**

**January 13, 2021**

The following resolution was offered by \_\_\_\_\_ and \_\_\_\_\_:

**RESOLUTION**

**A resolution authorizing staff to reprocess the allowance of low-income housing credits for all Section 42(h)(4) tax-exempt bond financed projects scheduled to close in the first quarter of calendar year 2021 and which are now subject to the minimum credit rate of not less than four percent (4%); and providing for other matters in connection therewith.**

**WHEREAS**, Section 42 of the Internal Revenue Code of 1986, as amended (the “**Code**”) provides for a low-income housing credit (the “**Housing Credit**”) that may be claimed as part of the general business credit under Section 38 of the Code; and

**WHEREAS**, the Housing Credit determined under Section 42 of the Code is allowable only to the extent that the owner of a qualified low-income building receives a housing credit allocation from a housing credit agency such as the Louisiana Housing Corporation (the “**LHC**”) unless the building is exempt from the allocation requirements by reason of Section 42(h)(4) of the Code; and

**WHEREAS**, Section 42(m)(1)(D) provides that Subsection (h)(4) shall not apply to any project unless the project satisfies the requirements for allocation of a housing credit under the Qualified Allocation Plan applicable to the area in which the project is located; and

**WHEREAS**, Section 42(m)(2)(A) requires LHC to allocate Housing Credits to a project in an amount which LHC determines is necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period; and

**WHEREAS**, LHC is required to take into account in making its determinations under Section 42(m)(2)(A) the following:

- (i) the sources and uses of funds and the total financing planned for the project;
- (ii) any proceeds or receipts expected to be generated by reason of tax benefits;
- (iii) the percentage of housing credit dollar amount used for project costs other than the cost of project intermediaries, and
- (iv) the reasonableness of the developmental and operational costs of the project.

**WHEREAS**, under Section 42(m)(1)(D) of the Code, the Housing Credit for any project qualifying under Section 42(h)(4) of the Code is zero unless the project satisfies the requirements for allocation of a Housing Credit under the Qualified Allocation Plan of LHC; and

**WHEREAS**, the definition of a “Reprocessing Change” under the Qualified Allocation includes any change other than a material change relating to adjustments of sources or uses of funds greater 5% but less than 10%; and

**WHEREAS**, LHC policy has been to require Board approval of any Reprocessing Change that increases the Housing Credits allowed by more than 10% for Section 42(h)(4) tax-exempt bond financed projects; and

**WHEREAS**, the Consolidated Appropriations Act, 2021 included a provision that established a credit rate of not less than four percent (4%) (the “**Minimum Credit Rate**”) for any building which is financed by an obligation described in Section 42(h)(4)(A) of the Code if any such obligation which so finances such building is issued after December 31, 2021; and

**WHEREAS**, the mandatory application of the Minimum Credit Rate will increase the Housing Credits to tax-exempt bond financed projects scheduled to close in the first quarter of calendar year 2021 by an amount in excess of 10%; and

**WHEREAS**, the Board of Directors of LHC desires to permit staff to approve the reprocessing of Housing Credits for bond financed projects scheduled to close in the first quarter of calendar year 2021 to expedite their closing following the re-underwriting of such projects by LHC’s Tax Credit Underwriter;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of LHC:

**SECTION 1.** Reprocessing Approval by LHC Staff: LHC staff is hereby authorized and directed to approve the reprocessing of Housing Credits for bond financed projects scheduled to close in the first quarter of calendar year 2021 to expedite their closing following the re-underwriting of such projects by LHC’s Tax Credit Underwriter.

**SECTION 2.** Other Actions and Approvals: The officers of this Board of Directors and the Executive Director of LHC are authorized and empowered to take any and all further action and to sign any and all documents, instruments and writings as may be necessary to carry out the purposes of this resolution and to file, on behalf of LHC, with any governmental board or entity having jurisdiction over LHC, such applications or requests for approval as may be required by law, in accordance with the requirements of Section 147(f) of the Code.

This resolution having been submitted to a vote, the vote thereon was as follows:

**YEAS:**

**NAYS:**

**ABSENT:**

And the resolution was declared adopted on this, the 13<sup>th</sup> day of January 2021.

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Chairman

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Secretary

DRAFT

**STATE OF LOUISIANA**

**PARISH OF EAST BATON ROUGE**

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation do hereby certify that the foregoing three (3) pages constitutes a true and correct copy of a resolution adopted by said Board of Directors on January 13, 2021 as follows: "A resolution authorizing staff to reprocess the allowance of low-income housing credits for all Section 42(h)(4) tax-exempt bond financed projects scheduled to close in the first quarter of calendar year 2021 and which are now subject to the minimum credit rate of not less than four percent (4%); and providing for other matters in connection therewith."

**IN FAITH WHEREOF**, witness my official signature and the impress of the official seal of the Louisiana Housing Corporation on this, the 13<sup>th</sup> day of January 2021.

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Secretary

(SEAL)