

# NEWSLETTER

MARCH 2024

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## TOP NEWS

- [HOUSE OF REPRESENTATIVES PASSES BIPARTISAN TAX LEGISLATION CONTAINING TOP HOUSING CREDIT PRIORITIES](#)
- [BILL INTRODUCED TO CREATE STATE-LEVEL LIHTC IN MISSISSIPPI](#)
- [BIDEN-HARRIS ADMINISTRATION AWARDS \\$7.7 MILLION IN HOMELESSNESS ASSISTANCE FUNDING TO COMMUNITIES IN MISSISSIPPI](#)
- [JACKSON WILL PROVIDE \\$40,000 GRANT TO RESIDENTS WHO QUALIFY FOR AFFORDABLE HOUSING PROGRAM](#)

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2024 Membership Dues Renewal Reminder!

Membership dues invoices were emailed in January. Please contact us at 601-706-2685 if you have any questions or need a copy.

# A Letter From the MAAHP President



The United States House of Representatives recently passed The Tax Relief for American Families and Workers Act of 2024 (the “Tax Relief Act”), bipartisan tax legislation that includes, among other things, two provisions specific to the development of affordable housing using low-income housing tax credits (the “Tax Credits”) under Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”). The United States Senate has not yet acted on the bill. Please take time to reach out to your Senator and ask them to support this bipartisan effort.

Under current law, a development is eligible for Tax Credits either through an allocation from the state housing finance authority pursuant to the state’s Tax Credit ceiling (the “9% Tax Credit”) or through the issuance of tax-exempt bonds (the “4% Tax Credit”). The Tax Relief Act aims to increase the availability of Tax Credit allocations by raising the state Tax Credit ceiling available for 9% Tax Credits and lowering the threshold of tax-exempt bonds needed for 4% Tax Credits.

## State Housing Credit Ceiling Increase for Low-Income Housing Credit

Each year the federal government allocates a set amount of 9% Tax Credit authority to each state on a per-capita basis calculated pursuant to 42(h)(C) of the Code. This is referred to in Section 42(h)(C) as the “State Housing Credit Ceiling.” The Tax Relief Act would restore a 12.5% increase to the State Housing Credit Ceiling for calendar years 2023 through 2025, effective for taxable years beginning after December 31, 2022.

## Tax-Exempt Bond Financing Requirement

Currently, an affordable housing development can receive an allocation of 4% Tax Credits if 50% or more of the aggregate basis of the project is financed with tax-exempt bonds subject to the state’s private activity bond volume cap. The Tax Relief Act would decrease the 50% threshold to 30% for projects placed in service after December 31, 2023, with a tax-exempt bond issue date before 2026. For this purpose, projects that are substantially rehabilitated are considered placed in service at the end of the rehabilitation period, and the 30% threshold would apply to the aggregate basis of both the existing building and the rehabilitation.

For projects that were not placed in service prior to December 31, 2023, but currently have tax-exempt bonds outstanding, the Tax Relief Act provides a transition rule that allows application of the 30% threshold where 5% or more of the project’s aggregate basis is financed with bonds issued in 2024 or 2025.

**Please call your Senator today,**

Allison Cox



WHAT'S AHEAD IN 2024  
INDUSTRY LEADERS LOOK AT THE YEAR'S KEY  
ISSUES.

Affordable housing developers are starting the new year on a hopeful note after Federal Reserve officials left interest rates unchanged at the end of 2023 while signaling that cuts may be on the horizon.

That would bring some needed relief to developers who were hit with rising operating and development costs last year, including higher interest rates that made it difficult for many new deals to pencil out.

“We are expecting a moderately better year in 2024 than what we saw in 2023,” says Paul Weissman, head of affordable housing production at Lument, a leading commercial real estate lender. “The reality of where interest rates are as well as some potential softness in low-income housing tax credit (LIHTC) pricing will continue to challenge the developer community, but we expect to see an improvement in rates over the course of the year.”

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