



# Low Income Housing Tax Credits

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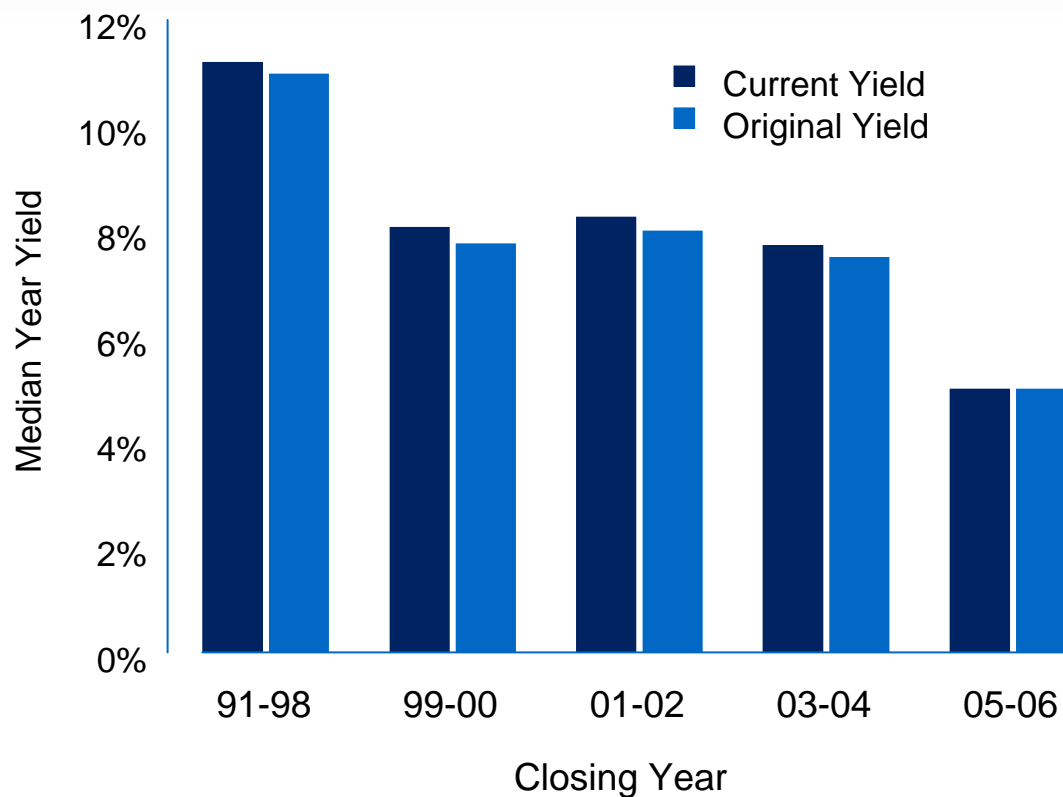
# Topics To Be Covered



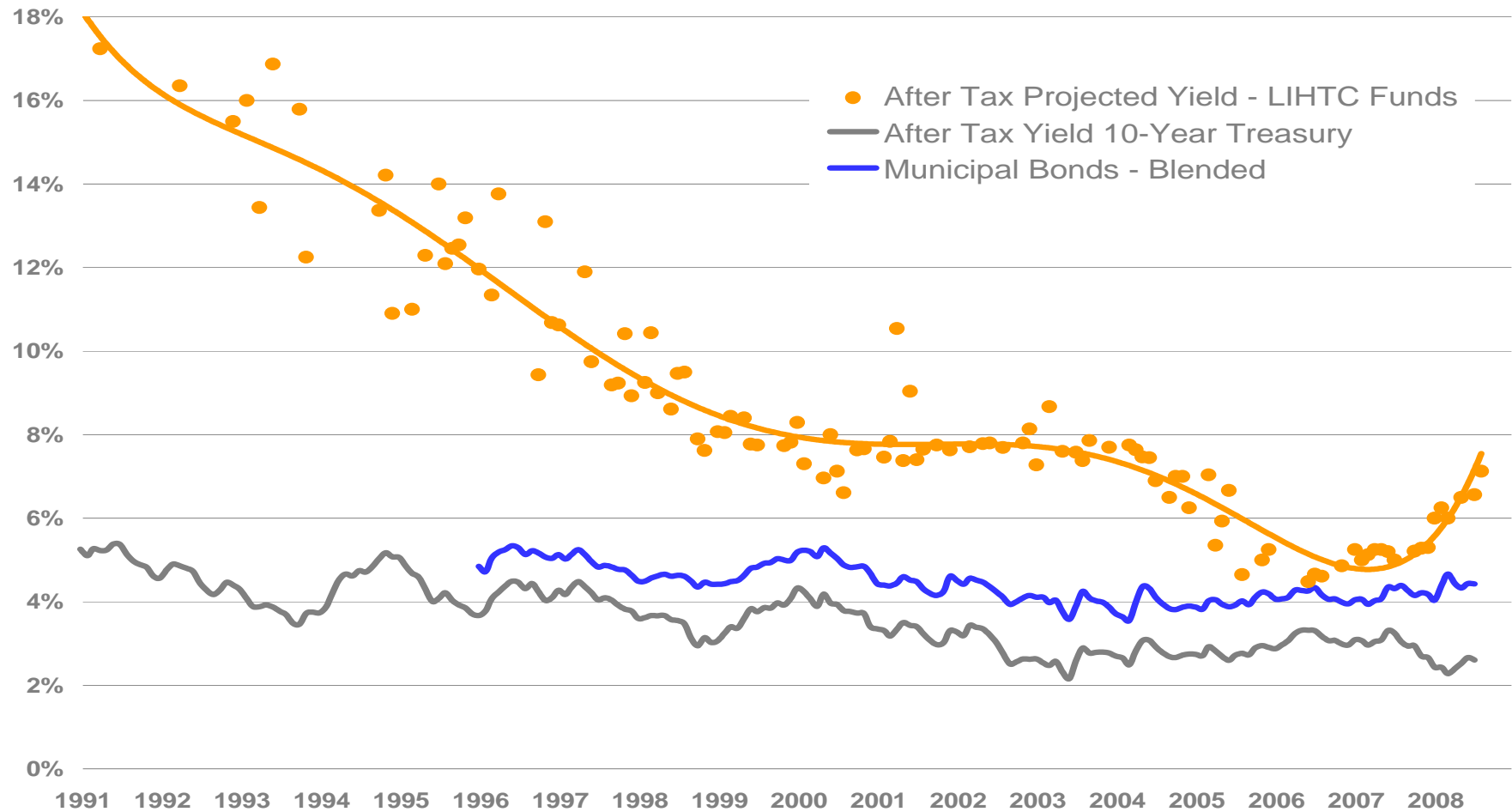
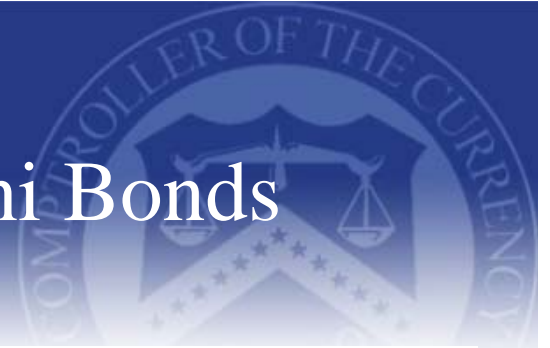
- What are current market conditions and yields?
- How have these investments performed?
- What is happening on the legislative front?
- Regulatory considerations
- How does an investor become involved with Housing Tax Credits?



# Yield (Internal Rate of Return) History



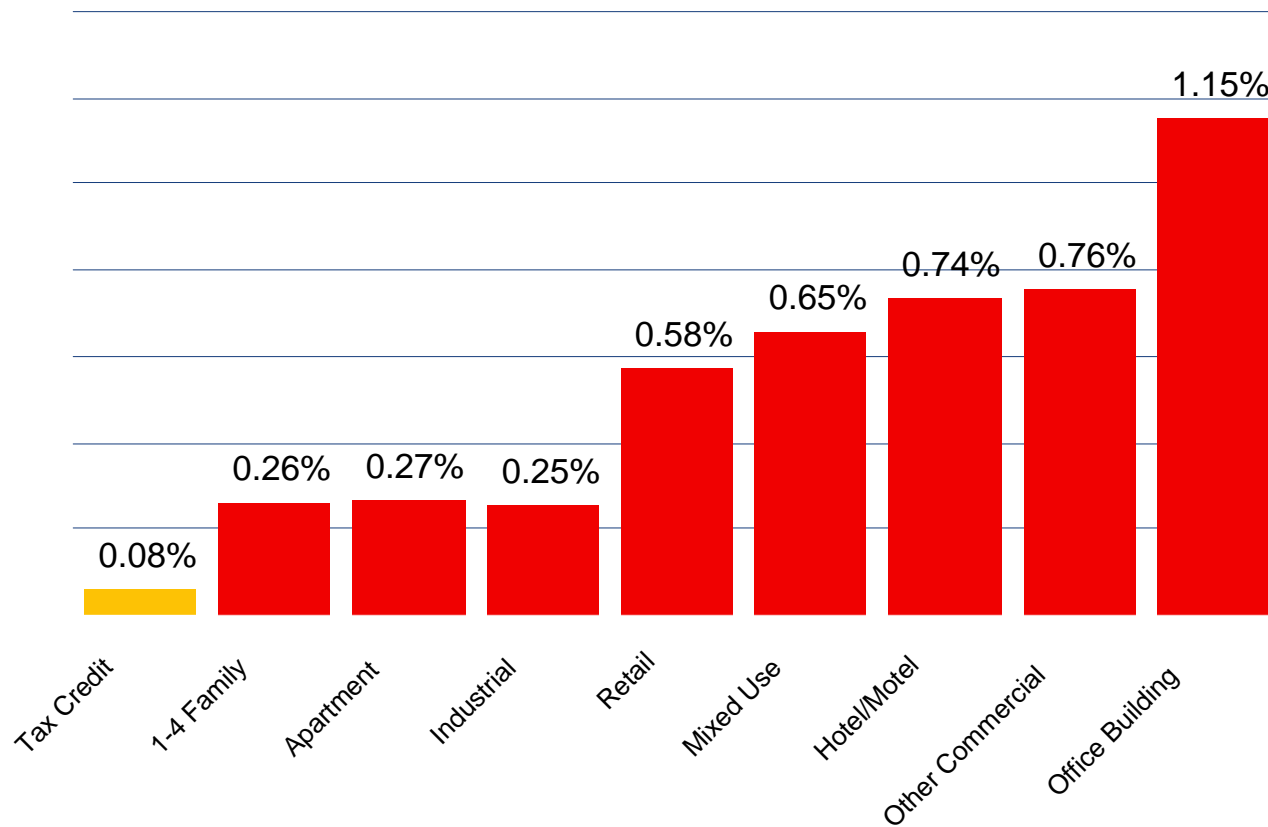
# After-Tax Yield Trends: Tax Credits, 10-Year Treasuries, Muni Bonds



# Industry Performance



Average Annual Foreclosure Rate by Asset Class: 1993 - 2006



Source: ACLI Mortgage Loan Portfolio Profile, 1993-2006 Except Tax Credit Data



# Legislative Changes



- **Housing and Economic Recovery Act of 2008, H.R. 3221**
- Signed into law July 30, 2008 and contains many provisions to improve the housing tax credit program:
  - Allows use of housing tax credit against the (AMT) to help broaden the base of investors (for buildings placed in service after 12/31/07)
  - Eliminates recapture bond requirements to help increase the liquidity of investments by reducing the cost and administrative burden of reselling
  - Temporarily increases amount of credits available (2008-09)
  - Provides many other technical fixes to streamline transactions and clarify industry questions



# Regulatory Considerations: CRA



- Affordable housing is a fundamental element under CRA
- CRA consideration for investments in LIHTC funds creating affordable housing
- An investment in a LIHTC fund:
  - ◆ Receives positive CRA consideration, provided it benefits:
    - ◆ The bank's assessment area
    - OR
    - ◆ The broader statewide or regional area that includes the bank's assessment area



# Regulatory Considerations: Part 24



- National banks can make investments to promote the public welfare
- Affordable housing promotes the public welfare
- Investment authority is under 12 USC 24 (Eleventh) and 12 CFR Part 24
- Part 24 authority limits were recently raised to 15 percent of a bank's unimpaired capital and surplus
- Banks make investments through a filing process with the OCC (See [www.occ.gov/cdd/pt24toppage.htm](http://www.occ.gov/cdd/pt24toppage.htm))



# How To Get Involved



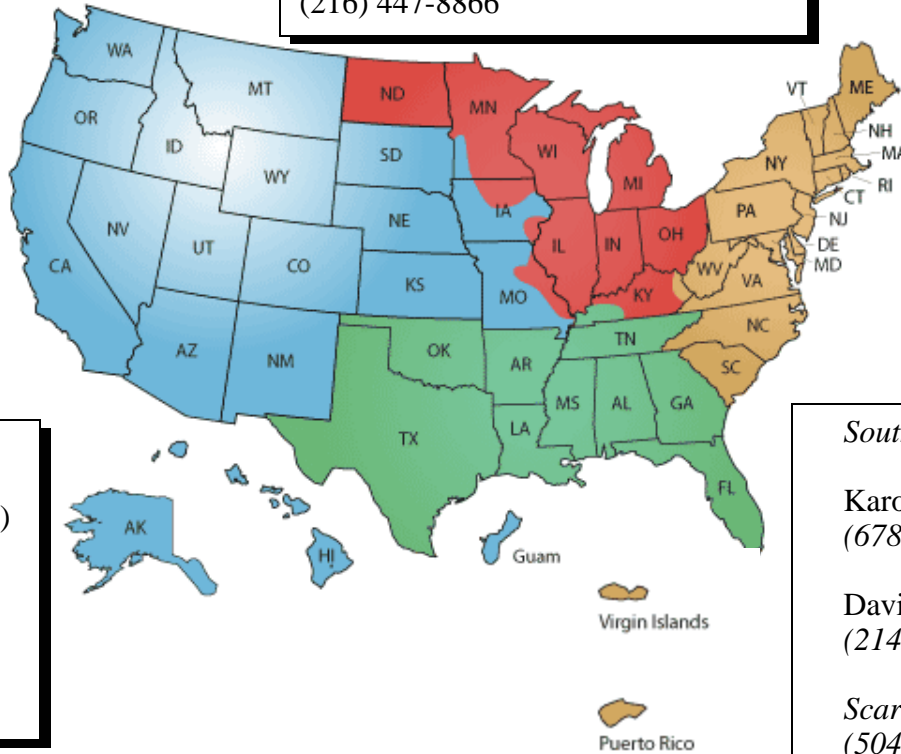
- Communicate with peer banks about their experiences in the tax credit program
- Communicate with OCC District Community Affairs Officers  
<http://www.occ.treas.gov/cdd/commfoc.htm>
- Communicate with your local bankers association
- Industry Web sites
  - ◆ <http://www.naslef.org>
  - ◆ <http://www.ncsha.org>
  - ◆ <http://www.ahic.org>



# Community Affairs Field Locations



- Central District
- Northeastern District
- Southern District
- Western District



*Central*  
Paul Ginger (Chicago)  
(312) 860-8876  
Norma Polanco-Boyd (Cleveland)  
(216) 447-8866

*Northeastern*  
Bonita Irving (Boston)  
(617) 854-6547  
Denise Kirk-Murray (New York)  
(212) 790-4053  
Vonda Eanes (Charlotte)  
(704) 554-7082

*Western*  
Susan Howard (Glendale, CA)  
(818) 240-5175  
Dave Miller (Denver)  
(720) 475-7670

*Southern*  
Karol Klim (Atlanta)  
(678) 731-9723 x252  
David Lewis (Dallas)  
(214) 720-7027  
Scarlett Duplechain (New Orleans)  
(504) 828-6555



# Other Resources



## Office of the Comptroller of the Currency

- *Community Developments Insights*  
“Low-Income Housing Tax Credits: Affordable Housing Investment Opportunities for Banks”  
<http://www.occ.treas.gov/ftp/release/2008-10a.pdf>
- *Community Developments Investments E-zine*  
“Investing in Low-Income Housing Tax Credits: A Sound Opportunity for Community Banks”  
<http://www.occ.treas.gov/cdd/Spring06>
- *Low-Income Housing Tax Credits Fact Sheet*  
[http://www.occ.treas.gov/cdd/fact\\_sheet\\_LIHTC.pdf](http://www.occ.treas.gov/cdd/fact_sheet_LIHTC.pdf)
- Part 24 Community Development Investments  
<http://www.occ.gov/cdd/pt24toppage.htm#OCCsPt24Resources>



# Questions

