

NAHB Resolution

Title: Application and Allocation Fees in LIHTC Eligible Basis
Original Sponsor: Housing Credit Group

WHEREAS, on applying to the housing credit agency for low-income housing tax credits (LIHTC), the agency requires that the developer pay a nonrefundable application fee;

WHEREAS, if the developer is successful and LIHTCs are awarded, an allocation fee is also paid to the housing credit agency;

WHEREAS, the Internal Revenue Service (IRS) published Revenue Ruling 2004-82 stating that the application fee and allocation fee cannot be included in the eligible basis;

WHEREAS, eligible basis is the cost of acquiring, rehabilitating and constructing a LIHTC project;

WHEREAS, the tax credit industry's practice has been to include the application fee and allocation fee in the eligible basis of the developer's low-income home building;

WHEREAS, application and allocation fees are a necessary cost for developing LIHTC properties, and not allowing them in eligible basis does not accurately reflect the capital cost of the affordable property; and

WHEREAS, by creating an inaccurate capital cost calculation, it will cause investment uncertainty that will diminish the LIHTC's efficiency in raising capital for affordable housing.

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge the Internal Revenue Service to allow low-income housing tax credit application and allocation fees to be included in eligible basis in order to accurately reflect the capital expenditures in calculating the tax credit amount for the property, and

BE IT FURTHER RESOLVED that if the Internal Revenue Service does not allow low-income housing tax credit application and allocation fees to be included in eligible basis, the National Association of Home Builders urge Congress to enact legislation to make this revision.

Board of Directors Action:	Approved
Joint Executive/Resolutions Committee Action:	Recommends Approval
Resolutions Committee Action:	Recommends Approval
Federal Government Affairs Committee Action:	Recommends Approval
Housing Finance Committee Action:	Recommends Approval
Multifamily Trustees Action:	Recommends Approval
Multifamily Finance Subcommittee Action:	Recommends Approval
Affordable Housing Subcommittee Action:	Recommends Approval
Taxation Subcommittee:	Recommends Approval